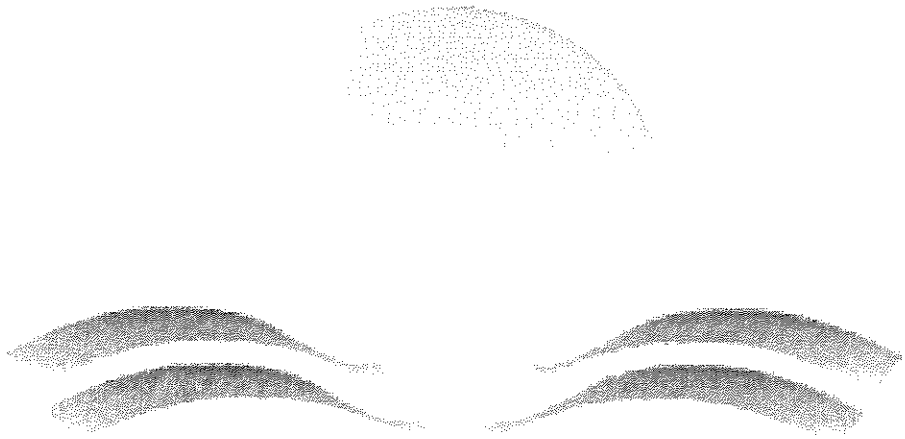


Ugu District Municipality

BUDGET 2015/2016

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Ugu District Municipality

VISION

"A place where everyone benefit equally from socio-economic opportunities and services"

MISSION

"Create an enabling environment for social and economic development resulting in the provision of quality drinking water and access to decent sanitation. Ensure community participation and coordinate public and private players."

MAYORS REPORT

FOR APPROVAL 2nd Level: COUNCIL (28 May 2015)

SUBJECT: UGU DISTRICT MUNICIPALITY-DRAFT BUDGET 2015/2016

DATE OF MEETING: 28 MAY 2015

PURPOSE

To seek approval from the Council on the Draft Budget 2015/2016 of the Ugu District Municipality,

ANNEXURES

Ugu District Municipality Draft Budget 2015-2016.

LEGISLATIVE PROVISIONS

Municipal Finance Management Act

BACKGROUND/RATIONALE

Section 16(1) of the Municipal Finance Management Act, No. 56 of 2003 states that the municipality must for each financial year approve an annual budget before the start of that financial year.

On the 26 March 2015 a draft budget 2015/2016 was tabled in council for NOTING, after which the budget was published in various municipal offices libraries and the website for public comments. The budget workshops were also conducted throughout the district to solicit the views of the public

IMPLICATIONS

FINANCIAL – None.

LEGAL – Compliance with Section 28 of the MFMA

MEDIA/COMMUNICATION – once adopted, the approved Annual Budget will be published on the website.

RECOMMENDATION

IT IS RECOMMENDED THAT:

1 That the Draft Budget of Ugu District Municipality for the financial year 2015/2016 be **APPROVED**, as set out in the following schedules:

- Table A1 –Budget Summary
- Table A2 –Budget Financial Performance (standard classification)
- Table A3 –Budget Financial Performance (revenue & expenditure by Municipal vote)
- Table A4 –Budget Financial Performance (revenue & expenditure)
- Table A5 –Capital Budget by vote and funding
- Table A6 –Budget Financial Position
- Table A7 –Budget Cash Flow
- Table A8 –Cash backed reserves/accumulated surplus reconciliation
- Table A9 –Asset Management
- Table A10 –Basic Service Delivery measurement
- Other Supporting Tables (Table SA1-SA37)
- Detailed Capital Budget

DATE: 25/05/2015

1.1 Executive Summary

The annual budget was prepared in terms of the budget process plan that takes into account the following phases:-

- The 2014/2015 Mid-term review and adjustments budget;
- The IDP and budget policy review;
- The budget preparation process;
- The publication of the draft budget for consultation purposes; an
- The adoption of the annual budget by council

The application of sound financial management principles for the compilation of the financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all our communities.

The municipality's service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial management. A critical review was also undertaken of expenditures on noncore items like catering for council committees, travel and accommodation, overtime and travelling allowances. This has resulted in savings by the municipality on all the expenditure that are not critical for service delivery to the communities.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. The municipality has also initiated measures to cleanse the municipal databases to ensure that only people who are eligible to benefit from the indigent support service, benefit. Furthermore the municipality have implemented a meter audit project to identify and rectify the discrepancies that existed between the meters on the ground and the record of meters on the computer system. The purpose of all the above measures is to improve the revenues of the municipality.

National Treasury's MFMA Circular No. 74 and 75 were used to guide the compilation of the 2015/16 MTREF.

The main challenges experienced during the compilation of the 2015/16 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- The ageing and poorly maintained water and sanitation infrastructure;
- The need to reprioritise projects and expenditure given the limited resource of the municipality;
- The increased cost of bulk water due to tariff increases from Umngeni Water, which is placing upward pressure on service tariffs to residents;
- The salaries and wages increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- The current credit status of the municipality which makes it difficult for the municipality to attract borrowed funds from the financial institutions; and
- Not all operating grants were fully spent at the end of the financial year 2013/2014.

The following budget principles and guidelines directly informed the compilation of the 2015/16 MTREF:

- The annual budget have been prepared and aligned to the National, provincial and the internal strategic planning documents including the National Development plan, the National Treasury MFMA Circulars, the municipality's IDP and the DCoG Back to basics;
- The 2014/15 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2015/16 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and the backlog eradication goals;
- The tariff increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2015/16 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2015/16 MTREF

R' 000	Adjustments Budget 2014/2015	Budget year 2015/2016	Budget year 2016/2017	Budget year 2017/2018
Total Operating Revenue	1 166 529 209	1 162 852 024	1 220 994 625	1 282 044 356
Total Operating Expenditure	749 143 464	804 588 339	844 817 756	887 058 644
Surplus (Deficit) for the year	417 385 745	358 263 685	376 176 869	394 985 713
Total Capital Expenditure	**421 544 663**	**396 652 920**	**416 485 566**	**437 309 844**

Surplus/Deficit

The surplus for the budget year 2015/2016 has decreased by 14.16% compared to the final budget for 2014/2015 and this is a result of the following factors:

- More provision was made for overtime work to deal with breakages due to the ageing infrastructure;
- The proposed tariff increase by Umngeni Water and Eskom, will increase the cost of providing services to the communities; and
- The decision by the municipality to participate in the SALGA games will increase the cost of travelling and accommodation.

1.2 Budget Assumptions

The 6.5% tariff increase for water and sanitation is based on the average increase in the past four years (2011/2012 – 2014/2015). The collection rate is based on the average collection trend for the past four years (i.e. 87%)

As the current salary and wage agreement is coming to an end in June 2015, the municipality has provided for a 7% increase in the employee related costs based on the CPI plus 1% formula that is applied in the existing agreement. A maximum 5% increase for the councillor's allowances is considered for approval by the MEC based on the audit reports received by the municipality in the past three years.

No additional borrowings will be made by the municipality during the budget year 2015/2016.

1.3 Implementation of the Cost Containment Measures

The following cost cutting measures have been implemented by the municipality:-

- Council has placed a moratorium on the filling of positions and only critical positions are filled after a motivation to the municipal manager;
- The operating expenditure has been reduced through the stopping of catering for all the council committees;
- The expenditure on car allowances has been reduced through the review of the policies on Car allowances and the Subsistence and Travel;
- Overtime work is only authorised up to the maximum of 40 hours per month as required by the Basic Conditions of Employment Act;
- The municipality is finalising a contract for the maintenance of all the municipal assets, and this plan has informed the 2015/2016 budget for repairs and maintenance.
- To improve the expenditure on grant funded projects , the management committee of the municipality has included a Report of Grants Expenditure as a standing item of their bi-weekly meeting in order to monitor and unsure that all the grants funded projects are fully spent at the end of the financial year and the grant conditions are met.

1.4 Cost Drivers that are beyond the control of the municipality

The following cost factors are currently having a negative impact on the municipality's operations and requires long term planning and additional funding to control and manage:-

- The ageing infrastructure and unplanned maintenance result in more breakages and regular call ups which ultimately increases the overtime cost;
- Regular floods as a result of global warming has a negative impact on the municipality's infrastructure that is concentrated along the sea; and

- Load shedding and the lack of adequate back up facilities, causes breakages and interruptions in our systems and operations which result in more unplanned service and repairs being done.

1.5 Considerations from Public views

After the first draft budget was noted by Council on 26th March 2016, it was published on the municipality's website and the printed copies were placed in various municipal offices, public libraries and community halls. A series of public meetings were also held with different communities within the district to solicit public views.

The comments and inputs from public and other stakeholders including the Provincial treasury and the Civic Organisations were received and consolidated through the Office of the Mayor. The most common amongst the comments that were received from the public was the concern on the proposed tariff increase of 7% in the original draft budget. As a result therefore, the tariffs increase have been revised downwards from 7% to 6.5% for both water and sanitation services.

Although the 6.5% increase is slightly above the rate that was suggested in the National Treasury Budget Guidelines for municipalities, is it still justifiable considering the tariff increases by Umngeni Water (7.8%) and Eskom for the equivalent budget year (2015/2016). Both Umngeni Water and Eskom are the major suppliers of the resources that are need by the municipality to provide services to the communities.

1.6 Service Delivery Measures

"Drinking Water Quality and Waste Water Management"

The Blue Drop Certification Programme for Drinking Water Quality Management Regulation and The Green Drop Certification Programme for Wastewater Quality Management Regulation are important to ensure effective and efficient delivery of sustainable water services which is recognised by both South African and International Authorities.

The minimum score for Blue Drop Certification is 95% and 90% for Green Drop Certification respectively. Ugu District Municipality is currently ranked at the 7th place in the KwaZulu Natal provincial log in terms of Blue Drop and holds a municipal score of 92.55%(Blue Drop Report 2012) with the following plants holding the **Blue Drop Awards**:

- Southbroom to Port Edward and Inland areas(Umthamvuna WTW) at 95%
- Umzinto, Pennington to Scottburg(Umzinto WTW) at 95.22%
- Mathuli, Mthwalume and Qoloqolo(Umthwalume WTW) at 96.27 %

The Blue Drop Risk Rating for the Ugu District Municipality is 43.8 %(Blue Drop Report 2013), this is categorised as Low Risk. While this may be a good reflection of the operational capacity of

Ugu Water Treatment Infrastructure, the municipality strives to implement projects in ensuring that the risk is contained within the low risk category.

2012 was a gap year for **Green Drop Awards** however in the year 2013, the municipality's Green Drop Score improved from 70% to 73.91% with the following plant getting a Green Drop Award:

- Red Desert Waste Water Treatment Works at 90.3%

For the 2014 Blue Water Services Audits, the municipality participated in the first assessment of **No Drop Awards**. The results for the assessment have not been published however the municipality is proud to contain its Non Revenue Water Score at 30% being one of the lowest in the country. The municipality continues to implement measures to reduce its Non-Revenue Water from 30% to a projected 23% by the tear 2017.

DC21 Ugu - Contact Information

A. GENERAL INFORMATION	
Municipality	DC21 Ugu
Grade	
Province	KZN KWAZULU-NATAL
Web Address	www.ugu.gov.za
e-mail Address	info@ugu.gov.za

1 Grade in terms of the Remuneration of Public Office Bearers Act.

B. CONTACT INFORMATION	
Postal address:	
P.O. Box	33
City / Town	Port Shepstone
Postal Code	4240
Street address	
Building	Aqua House
Street No. & Name	27 Connor Street
City / Town	Port Shepstone
Postal Code	4240
General Contacts	
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Fax number	039 682 4820

C. POLITICAL LEADERSHIP			
Speaker:		**Secretary/PA to the Speaker:**	
Name	Cllr SB Cele	Name	Sandile Nxumalo
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Mayor/Executive Mayor:		**Secretary/PA to the Mayor/Executive Mayor:**	
Name	Cllr NH Gumede	Name	Nu Mlambo
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Fax number	039 682 5783	Fax number	039 682 5783
E-mail address	nu.mlambo@ugu.gov.za	E-mail address	nu.mlambo@ugu.gov.za
Deputy Mayor/Executive Mayor:		**Secretary/PA to the Deputy Mayor/Executive Mayor:**	
Name	Cllr M A Chiliza	Name	Sthembile Memela
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Cell number	082 740 9155	Cell number	039 688 3355
Fax number	039 682 1720	Fax number	039 682 1720
E-mail address	sthembile.memela@ugu.gov.za	E-mail address	sthembile.memela@ugu.gov.za

D. MANAGEMENT LEADERSHIP			
Municipal Manager:		**Secretary/PA to the Municipal Manager:**	
Name	DD Naidoo	Name	Shivani Maharaj
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Cell number	082 821 0477	Cell number	039 688 5704
Fax number	039 682 1720	Fax number	039 682 1720
E-mail address	dd.naidoo@ugu.gov.za	E-mail address	shivani.maharaj@ugu.gov.za
Chief Financial Officer		**Secretary/PA to the Chief Financial Officer**	
Name	Sibongile Mbili	Name	Mbali Zeka
Telephone number	039 688 5703	Telephone number	039 688 5703
Cell number	071 672 0500	Cell number	0726506210
Fax number	039 682 6740	Fax number	039 682 6740
E-mail address	sibongile.mbili@ugu.gov.za	E-mail address	mbali.zeka@ugu.gov.za
Official responsible for submitting financial information			
Name	Fano Ngubane		
Telephone number	039 688 5769		
Cell number	082 695 5497		
Fax number	039 682 6740		
E-mail address	fano.ngubane@ugu.gov.za		

DC21 Ugu - Table A1 Consolidated Budget Summary

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Financial Performance										
Property rates	–	–	–	–	–	–	–	–	–	–
Service charges	297,466	276,526	314,784	378,551	393,801	374,111	374,111	407,861	428,254	449,667
Investment revenue	4,957	1,929	10,970	4,857	7,474	7,100	7,100	5,506	5,781	6,070
Transfers recognised - operational	289,847	318,044	229,567	336,596	340,948	323,900	323,900	381,544	400,621	420,652
Other own revenue	22,459	32,804	33,958	16,012	12,354	11,736	11,736	12,943	13,590	14,270
Total Revenue (excluding capital transfers and contributions)	614,729	629,304	589,279	736,017	754,576	716,848	716,848	807,854	848,246	890,659
Employee costs	229,669	247,612	246,106	254,616	267,067	253,713	253,713	290,324	304,840	320,082
Remuneration of councillors	7,154	7,951	7,938	10,467	11,359	10,791	10,791	9,916	10,412	10,933
Depreciation & asset impairment	56,478	64,304	66,834	64,203	64,216	61,005	61,005	70,285	73,799	77,489
Finance charges	18,293	16,961	15,818	18,952	18,952	18,004	18,004	18,952	19,900	20,895
Materials and bulk purchases	34,328	34,650	52,775	57,684	64,811	61,571	61,571	78,322	82,238	86,350
Transfers and grants	157,610	190,422	111,733	107,959	95,389	89,817	90,619	95,190	99,949	104,947
Other expenditure	179,842	115,134	175,312	212,505	227,022	215,671	215,671	241,600	253,680	266,364
Total Expenditure	683,374	677,033	676,516	726,387	748,814	710,571	711,374	804,588	844,818	887,059
Surplus/(Deficit)	(68,645)	(47,730)	(87,237)	9,630	5,762	6,276	5,474	3,265	3,429	3,600
Transfers recognised - capital	253,187	276,254	437,602	311,749	411,953	391,355	391,355	354,998	372,748	391,386
Contributions recognised - capital & contributed asset	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	184,542	228,524	350,365	321,379	417,715	397,631	396,829	358,264	376,177	394,986
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	184,542	228,524	350,365	321,379	417,715	397,631	396,829	358,264	376,177	394,986
Capital expenditure & funds sources										
Capital expenditure	190,605	202,359	309,020	336,966	421,545	400,467	400,467	396,653	416,486	437,310
Transfers recognised - capital	183,152	175,171	294,998	311,749	409,121	388,665	388,665	354,998	372,748	391,386
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	7,295	–	20,000	–	–	–	–	–	–
Internally generated funds	7,454	19,894	14,022	5,217	12,424	11,803	11,803	41,655	43,737	45,924
Total sources of capital funds	190,605	202,359	309,020	336,966	421,545	400,467	400,467	396,653	416,486	437,310
Financial position										
Total current assets	144,326	213,814	340,812	209,683	308,866	278,406	264,607	324,932	312,004	345,996
Total non current assets	1,950,129	2,039,811	2,270,306	2,515,001	2,321,767	2,290,927	2,256,385	2,614,398	2,743,993	2,880,067
Total current liabilities	237,615	221,760	247,509	209,703	209,774	209,774	188,178	127,811	132,420	137,348
Total non current liabilities	226,031	218,661	200,040	179,819	180,016	180,016	180,016	162,759	146,515	131,239
Community wealth/Equity	1,630,809	1,813,204	2,163,569	2,335,161	2,240,843	2,179,543	2,152,798	2,648,760	2,777,062	2,957,476
Cash flows										
Net cash from (used) operating	219,367	213,866	426,374	370,313	421,708	415,239	415,239	399,635	347,696	410,865
Net cash from (used) investing	(189,755)	(187,277)	(309,155)	(336,966)	(384,724)	(353,884)	(353,884)	(337,894)	(354,789)	(372,529)
Net cash from (used) financing	(15,614)	(5,976)	(20,137)	(83,644)	(7,132)	(31,503)	(31,503)	(17,775)	(16,788)	(15,846)
Cash/cash equivalents at the year end	57,475	78,081	171,968	105,753	198,476	198,476	198,476	234,571	210,689	233,179
Cash backing/surplus reconciliation										
Cash and investments available	57,468	74,886	168,625	105,753	198,476	198,476	198,476	234,571	210,689	233,179
Application of cash and investments	202,006	165,005	183,638	169,437	169,437	169,437	169,437	89,435	93,907	98,602
Balance - surplus (shortfall)	(144,538)	(90,119)	(15,014)	(63,684)	29,039	29,039	29,039	145,135	116,782	134,577
Asset management										
Asset register summary (WDV)	1,950,120	2,039,740	2,270,298	2,514,871	2,321,637	2,290,797	2,614,262	2,614,262	2,743,850	2,879,917
Depreciation & asset impairment	56,478	64,304	66,834	64,203	64,216	61,005	70,285	70,285	73,799	77,489
Renewal of Existing Assets	39,951	38,651	61,320	54,560	90,605	86,075	86,075	–	–	–
Repairs and Maintenance	17,598	11,200	17,164	48,705	39,750	37,762	58,600	58,600	61,530	64,606
Free services										
Cost of Free Basic Services provided	4	4	–	52,632	52,632	52,632	55,264	55,264	58,027	60,928
Revenue cost of free services provided	1	1	–	69,624	69,624	69,624	73,105	73,105	76,761	80,599
Households below minimum service level										
Water:	78	78	–	87	87	87	91	91	95	100
Sanitation/sewerage:	11	12	–	32	32	32	33	33	35	37
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–	–

DC21 Ugu - Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue - Standard										
Governance and administration		164 815	122 271	212 204	141 102	145 541	138 264	160 820	168 861	177 304
Executive and council		37 613	2 144	2 460	1 184	1 264	1 201	2 076	2 180	2 289
Budget and treasury office		126 148	118 782	209 226	139 911	143 970	136 771	157 796	165 686	173 971
Corporate services		1 054	1 345	518	7	307	292	948	995	1 045
Community and public safety		6 081	1 023	6 668	6 491	11 648	11 065	6 942	7 289	7 653
Community and social services		–	–	–	–	–	–	–	–	–
Sport and recreation		226	342	468	600	360	342	180	189	198
Public safety		5 855	681	6 201	5 891	11 288	10 723	6 762	7 100	7 455
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		2 382	3 790	287 860	292 839	287 818	273 427	49 982	52 481	55 105
Planning and development		–	–	284 122	277 743	272 960	259 312	33 015	34 666	36 399
Road transport		–	–	–	–	–	–	–	–	–
Environmental protection		2 382	3 790	3 738	15 096	14 857	14 115	16 967	17 815	18 706
Trading services		675 983	767 191	518 423	606 108	720 223	684 212	944 509	991 734	1 041 321
Electricity		–	–	–	–	–	–	–	–	–
Water		580 958	669 575	414 065	495 017	608 783	578 344	830 652	889 873	934 367
Waste water management		95 025	97 616	104 357	111 090	111 440	105 868	113 856	101 861	106 954
Waste management		–	–	–	–	–	–	–	–	–
Other	4	18 656	11 283	1 726	1 225	1 300	1 235	600	630	662
Total Revenue - Standard	2	867 916	905 557	1 026 881	1 047 766	1 166 529	1 108 203	1 162 852	1 220 995	1 282 044
Expenditure - Standard										
Governance and administration		151 612	115 600	128 946	138 614	146 582	139 253	161 722	169 808	178 298
Executive and council		43 481	42 739	43 193	44 037	48 115	45 709	51 441	54 013	56 713
Budget and treasury office		72 581	33 294	30 199	30 042	32 399	30 779	30 315	31 831	33 423
Corporate services		35 550	39 567	55 554	64 534	66 068	62 765	79 966	83 964	88 162
Community and public safety		5 179	2 956	8 912	9 195	7 111	6 755	3 736	3 923	4 119
Community and social services		–	–	–	–	–	–	–	–	–
Sport and recreation		3 594	2 602	1 549	3 672	1 437	1 365	–	–	–
Public safety		1 585	355	7 364	5 523	5 674	5 390	3 736	3 923	4 119
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		5 605	8 533	69 336	68 921	74 062	70 358	64 891	68 135	71 542
Planning and development		–	–	60 399	53 825	58 784	55 845	47 624	50 005	52 505
Road transport		–	–	–	–	–	–	–	–	–
Environmental protection		5 605	8 533	8 938	15 096	15 278	14 514	17 267	18 130	19 036
Trading services		505 481	537 784	468 497	508 360	519 927	493 128	573 207	601 868	631 961
Electricity		–	–	–	–	–	–	–	–	–
Water		433 105	484 903	425 736	432 079	439 512	416 734	485 665	509 948	535 446
Waste water management		72 376	52 881	42 761	76 280	80 414	76 394	87 542	91 920	96 515
Waste management		–	–	–	–	–	–	–	–	–
Other	4	15 497	12 160	825	1 298	1 133	1 077	1 032	1 084	1 138
Total Expenditure - Standard	3	683 374	677 033	676 516	726 387	748 814	710 571	804 588	844 818	887 059
Surplus/(Deficit) for the year		184 542	228 524	350 365	321 379	417 715	397 631	358 264	376 177	394 986

References

1. Government Finance Statistics Functions and Sub-functions are standardised to assist the compilation of national and international accounts for comparison purposes

2. Total Revenue by standard classification must reconcile to Total Operating Revenue shown in Budgeted Financial Performance (revenue and expenditure)

3. Total Expenditure by Standard Classification must reconcile to Total Operating Expenditure shown in Budgeted Financial Performance (revenue and expenditure)

4. All amounts must be classified under a standard classification (modified GFS). The GFS function 'Other' is only for Abbatoirs, Air Transport, Markets and Tourism - and if used must be supported by footnotes. Nothing else may be placed under 'Other'. Assign associate share to relevant classification

DC21 Ugu - Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue by Vote	1									
Vote 1 - EXECUTIVE & COUNCIL		37 613	2 144	2 460	1 184	1 264	1 201	2 076	2 180	2 289
Vote 2 - FINANCE & ADMINISTRATION		127 202	120 127	209 744	139 918	144 277	137 063	158 744	166 681	175 015
Vote 3 - INFRASTRUCTURE & ECONOMIC DEVELOPMEN		–	–	284 122	277 743	272 960	259 312	33 015	34 666	36 399
Vote 4 - WATER		580 958	669 575	414 065	495 017	608 783	578 344	830 652	872 185	915 794
Vote 5 - WASTE WATER MANAGEMENT		95 025	97 616	104 357	111 090	111 440	105 868	113 856	119 549	125 527
Vote 6 - PUBLIC SAFETY		5 855	681	6 201	5 891	11 288	10 723	6 762	7 100	7 455
Vote 7 - ENVIRONMENTAL PROTECTION		2 382	3 790	3 738	15 096	14 857	14 115	16 967	17 815	18 706
Vote 8 - OTHER: MARKET		18 656	11 283	1 726	1 225	1 300	1 235	600	630	662
Vote 9 - SPORTS & RECREATION		226	342	468	600	360	342	180	189	198
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	867 916	905 557	1 026 881	1 047 766	1 166 529	1 108 203	1 162 852	1 220 995	1 282 044
Expenditure by Vote *to be appropriated*	1									
Vote 1 - EXECUTIVE & COUNCIL		43 481	42 739	43 193	44 037	48 115	45 709	51 441	54 013	56 713
Vote 2 - FINANCE & ADMINISTRATION		108 131	72 861	85 753	94 576	98 468	93 544	110 281	115 795	121 585
Vote 3 - INFRASTRUCTURE & ECONOMIC DEVELOPMEN		–	–	60 399	53 825	58 784	55 845	47 624	50 005	52 505
Vote 4 - WATER		433 105	484 903	425 736	432 079	439 512	416 734	485 665	509 948	535 446
Vote 5 - WASTE WATER MANAGEMENT		72 376	52 881	42 761	76 280	80 414	76 394	87 542	91 920	96 515
Vote 6 - PUBLIC SAFETY		1 585	355	7 364	5 523	5 674	5 390	3 736	3 923	4 119
Vote 7 - ENVIRONMENTAL PROTECTION		5 605	8 533	8 938	15 096	15 278	14 514	17 267	18 130	19 036
Vote 8 - OTHER: MARKET		15 497	12 160	825	1 298	1 133	1 077	1 032	1 084	1 138
Vote 9 - SPORTS & RECREATION		3 594	2 602	1 549	3 672	1 437	1 365	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	683 374	677 033	676 516	726 387	748 814	710 571	804 588	844 818	887 059
Surplus/(Deficit) for the year	2	184 542	228 524	350 365	321 379	417 715	397 631	358 264	376 177	394 986

References

1. Insert 'Vote'; e.g. department, if different to standard classification structure

2. Must reconcile to Budgeted Financial Performance (revenue and expenditure)

3. Assign share in 'associate' to relevant Vote

DC21 Ugu - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2015/17	Budget Year +2 2017/18
Revenue By Source											
Property rates	2	–	–	–	–	–	–	–	–	–	–
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	210 494	186 757	221 007	273 459	288 709	274 273	274 273	300 751	315 789	331 578
Service charges - sanitation revenue	2	86 972	89 769	93 777	105 092	105 092	99 838	99 838	107 110	112 465	118 089
Service charges - refuse revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - other											
Rental of facilities and equipment		580	1 693	2 194	2 487	2 372	2 253	2 253	1 485	1 559	1 637
Interest earned - external investments		4 957	1 929	10 970	4 857	7 474	7 100	7 100	5 506	5 781	6 070
Interest earned - outstanding debtors		16 759	18 376	21 969	3 425	3 425	3 254	3 254	3 597	3 776	3 965
Dividends received											
Fines											
Licences and permits											
Agency services											
Transfers recognised - operational		289 847	318 044	229 567	336 596	340 948	323 900	323 900	381 544	400 621	420 652
Other revenue	2	5 057	12 735	9 794	10 100	6 557	6 229	6 229	7 862	8 255	8 668
Gains on disposal of PPE		62									
Total Revenue (excluding capital transfers and contributions)		614 729	629 304	589 279	736 017	754 576	716 848	716 848	807 854	848 246	890 659
Expenditure By Type											
Employee related costs	2	229 669	247 612	246 106	254 616	267 067	253 713	253 713	290 324	304 840	320 082
Remuneration of councillors		7 154	7 951	7 936	10 467	11 359	10 791	10 791	9 916	10 412	10 933
Debt impairment	3	46 593	(18 186)	25 940	21 119	21 069	20 016	20 016	23 072	24 225	25 436
Depreciation & asset impairment	2	56 478	64 304	66 834	64 203	64 216	61 005	61 005	70 285	73 799	77 489
Finance charges		18 293	16 961	15 818	18 952	18 952	18 004	18 004	18 952	19 900	20 895
Bulk purchases	2	34 328	34 650	46 954	49 500	55 076	52 322	52 322	69 255	72 718	76 354
Other materials	8			5 821	8 184	9 735	9 248	9 248	9 067	9 520	9 996
Contracted services		19 425	18 266	19 680	24 720	24 324	23 108	23 108	22 337	23 454	24 627
Transfers and grants		157 610	190 422	111 733	107 959	95 389	89 817	90 619	95 190	99 949	104 947
Other expenditure	4, 5	113 816	115 031	128 314	166 667	181 629	172 547	172 547	196 191	206 000	216 300
Loss on disposal of PPE		9	22	1 378							
Total Expenditure		693 374	677 033	676 516	726 387	748 814	710 571	711 374	804 588	844 818	887 059
Surplus/(Deficit)		(68 645)	(47 730)	(87 237)	9 630	5 762	6 276	5 474	3 265	3 429	3 600
Transfers recognised - capital		253 187	276 254	437 602	311 749	411 953	391 355	391 355	354 998	372 748	391 386
Contributions recognised - capital	6	–	–	–	–	–	–	–	–	–	–
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		184 542	228 524	350 365	321 379	417 715	397 631	396 829	358 264	376 177	394 986
Taxation											
Surplus/(Deficit) after taxation		184 542	228 524	350 365	321 379	417 715	397 631	396 829	358 264	376 177	394 986
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		184 542	228 524	350 365	321 379	417 715	397 631	396 829	358 264	376 177	394 986
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		184 542	228 524	350 365	321 379	417 715	397 631	396 829	358 264	376 177	394 986

References

1. Classifications are revenue sources and expenditure type

2. Detail to be provided in Table SA1

3. Previously described as 'bad or doubtful debts' - amounts shown should reflect the change in the provision for debt impairment

4. Expenditure type components previously shown under repairs and maintenance should be allocated back to the originating expenditure group/item; e.g. employee costs

5. Repairs & maintenance detailed in Table A9 and Table SA34c

6. Contributions are funds provided by external organisations to assist with infrastructure development; e.g. developer contributions (detail to be provided in Table SA1)

7. Equity method

8. All materials not part of 'bulk' e.g road making materials, pipe, cable etc.

DC21 Ugu - Table A5 Consolidated Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital expenditure - Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE & ADMINISTRATION		-	-	-	-	-	-	-	-	-	-
Vote 3 - INFRASTRUCTURE & ECONOMIC DEVELOPMEN		-	-	-	-	-	-	-	-	-	-
Vote 4 - WATER		-	-	-	-	-	-	-	-	-	-
Vote 5 - WASTE WATER MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 6 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
Vote 7 - ENVIRONMENTAL PROTECTION		-	-	-	-	-	-	-	-	-	-
Vote 8 - OTHER: MARKET		-	-	-	-	-	-	-	-	-	-
Vote 9 - SPORTS & RECREATION		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure *to be appropriated*	2										
Vote 1 - EXECUTIVE & COUNCIL		638	162	-	-	-	-	-	1 055	1 107	1 163
Vote 2 - FINANCE & ADMINISTRATION		5 472	8 998	1 881	24 990	7 652	7 269	7 269	26 320	27 636	29 018
Vote 3 - INFRASTRUCTURE & ECONOMIC DEVELOPMEN		147 781	105 257	202	400	368	350	350	680	714	750
Vote 4 - WATER		32 657	70 775	254 601	266 944	360 872	342 828	342 828	308 829	324 270	340 484
Vote 5 - WASTE WATER MANAGEMENT		3 980	16 191	48 756	44 632	47 256	44 893	44 893	56 769	59 608	62 588
Vote 6 - PUBLIC SAFETY		-	88	3 555	-	5 397	5 127	5 127	3 000	3 150	3 308
Vote 7 - ENVIRONMENTAL PROTECTION		-	-	-	-	-	-	-	-	-	-
Vote 8 - OTHER: MARKET		-	888	-	-	-	-	-	-	-	-
Vote 9 - SPORTS & RECREATION		77	-	25	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		190 605	202 359	309 020	336 966	421 545	400 467	400 467	396 653	416 486	437 310
Total Capital Expenditure - Vote		190 605	202 359	309 020	336 966	421 545	400 467	400 467	396 653	416 486	437 310
Capital Expenditure - Standard											
Governance and administration		6 110	9 160	1 881	24 990	7 652	7 269	7 269	27 375	28 743	30 180
Executive and council		638	162						1 055	1 107	1 163
Budget and treasury office									20	21	22
Corporate services		5 472	8 998	1 881	24 990	7 652	7 269	7 269	26 300	27 615	28 996
Community and public safety		77	88	3 581	-	5 397	5 127	5 127	3 000	3 150	3 308
Community and social services											
Sport and recreation		77		25							
Public safety			88	3 555		5 397	5 127	5 127	3 000	3 150	3 308
Housing											
Health											
Economic and environmental services		147 781	105 257	202	400	368	350	350	680	714	750
Planning and development		147 781	105 257	202	400	368	350	350	680	714	750
Road transport											
Environmental protection											
Trading services		36 638	86 966	303 356	311 576	408 128	387 722	387 722	365 598	383 878	403 072
Electricity											
Water		32 658	70 775	269 117	266 944	360 872	342 828	342 828	308 829	324 270	340 484
Waste water management		3 980	16 191	34 239	44 632	47 256	44 893	44 893	56 769	59 608	62 588
Waste management											
Other			888								
Total Capital Expenditure - Standard	3	190 605	202 359	309 020	336 966	421 545	400 467	400 467	396 653	416 486	437 310
Funded by:											
National Government		183 152	175 171	294 998	303 516	385 872	366 578	366 578	354 998	372 748	391 386
Provincial Government					4 060	23 249	22 086	22 086			
District Municipality											
Other transfers and grants					4 173		(0)	(0)			
Transfers recognised - capital	4	183 152	175 171	294 998	311 749	409 121	388 665	388 665	354 998	372 748	391 386
Public contributions & donations	5										
Borrowing	6		7 295		20 000	-					
Internally generated funds		7 454	19 894	14 022	5 217	12 424	11 803	11 803	41 655	43 737	45 924
Total Capital Funding	7	190 605	202 359	309 020	336 966	421 545	400 467	400 467	396 653	416 486	437 310

References

1. Municipalities may choose to appropriate for capital expenditure for three years or for one year (if one year appropriation projected expenditure required for yr2 and yr3).

2. Include capital component of PPP unitary payment. Note that capital transfers are only appropriated to municipalities for the budget year

3. Capital expenditure by standard classification must reconcile to the appropriations by vote

4. Must reconcile to supporting table SA20 and to Budgeted Financial Performance (revenue and expenditure)

5. Must reconcile to Budgeted Financial Performance (revenue and expenditure)

6. Include finance leases and PPP capital funding component of unitary payment - total borrowing/repayments to reconcile to changes in Table SA17

7. Total Capital Funding must balance with Total Capital Expenditure

8. Include any capitalised interest (MFMA section 46) as part of relevant capital budget

DC21 Ugu - Table A6 Consolidated Budgeted Financial Position

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
ASSETS											
Current assets											
Cash		52 535	65 360	163 675	96 676	181 342	181 342	181 342	212 669	187 693	209 033
Call investment deposits	1	4 940	12 721	8 293	9 077	17 135	17 135	17 135	21 901	22 996	24 146
Consumer debtors	1	42 653	101 537	132 411	66 130	96 590	66 130	66 130	75 878	86 113	96 860
Other debtors		35 224	27 162	28 331	29 117	5 117	5 117		5 373	5 641	5 923
Current portion of long-term receivables		13	95	32	60	60	60		57	55	52
Inventory	2	8 960	6 939	8 069	8 622	8 622	8 622		9 053	9 506	9 981
Total current assets		144 326	213 814	340 812	209 683	308 866	278 406	264 607	324 932	312 004	345 996
Non current assets											
Long-term receivables		10	70	7	130	130	130		136	143	150
Investments						–	–				
Investment property			25 000	14 600	22 500	22 500	22 500		22 500	22 500	22 500
Investment in Associate						–	–				
Property, plant and equipment	3	1 937 049	2 004 387	2 246 012	2 480 459	2 287 225	2 256 385	2 256 385	2 579 253	2 708 216	2 843 627
Agricultural											
Biological											
Intangible		13 070	10 354	9 686	11 913	11 913	11 913		12 509	13 134	13 791
Other non-current assets											
Total non current assets		1 950 129	2 039 811	2 270 306	2 515 001	2 321 767	2 290 927	2 256 385	2 614 398	2 743 993	2 880 067
TOTAL ASSETS		2 094 455	2 253 625	2 611 118	2 724 684	2 630 633	2 569 333	2 520 991	2 939 330	3 055 997	3 226 063
LIABILITIES											
Current liabilities											
Bank overdraft	1	7	3 195	3 343							
Borrowing	4	14 452	16 910	21 698	18 741	18 741	18 741	18 741	17 816	16 925	16 079
Consumer deposits		18 790	19 379	19 725	19 580	19 580	19 580		20 559	21 587	22 667
Trade and other payables	4	202 006	165 005	183 638	169 437	169 437	169 437	169 437	87 319	91 685	96 269
Provisions		2 361	17 271	19 104	1 945	2 016	2 016		2 116	2 222	2 333
Total current liabilities		237 615	221 760	247 509	209 703	209 774	209 774	188 178	127 811	132 420	137 348
Non current liabilities											
Borrowing		198 016	188 845	165 364	150 077	150 077	150 077	150 077	131 323	113 507	96 581
Provisions		28 015	29 816	34 676	29 742	29 939	29 939	29 939	31 436	33 007	34 658
Total non current liabilities		226 031	218 661	200 040	179 819	180 016	180 016	180 016	162 759	146 515	131 239
TOTAL LIABILITIES		463 646	440 421	447 549	389 523	389 790	389 790	368 194	290 570	278 934	268 587
NET ASSETS	5	1 630 809	1 813 204	2 163 569	2 335 161	2 240 843	2 179 543	2 152 798	2 648 760	2 777 062	2 957 476
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		1 630 809	1 813 204	2 163 569	2 335 161	2 240 843	2 179 543	2 152 798	2 648 760	2 777 062	2 957 476
Reserves	4	–	–	–	–	–	–	–	–	–	–
Minorities' Interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	1 630 809	1 813 204	2 163 569	2 335 161	2 240 843	2 179 543	2 152 798	2 648 760	2 777 062	2 957 476

References

1. Detail to be provided in Table SA3

2. Include completed low cost housing to be transferred to beneficiaries within 12 months

3. Include 'Construction-work-in-progress' (disclosed separately in annual financial statements)

4. Detail to be provided in Table SA3. Includes reserves to be funded by statute.

5. Net assets must balance with Total Community Wealth/Equity

DC21 Ugu - Table A7 Consolidated Budgeted Cash Flows

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges									–	–	–
Service charges		247 437	255 563	282 823	299 208	311 782	311 482	311 482	354 839	339 712	356 698
Other revenue		88 159							8 131	9 808	10 299
Government - operating	1	376 740	398 695	435 140	336 596	328 185	328 185	328 185	381 544	407 552	444 684
Government - capital	1	202 860	214 682	234 306	311 749	377 788	346 948	346 948	355 678	323 072	366 455
Interest		4 839	20 305	32 940	4 857	6 786	6 786	6 786	7 919	9 557	10 035
Dividends									–	–	–
Payments											
Suppliers and employees		(235 665)	(253 653)	(247 351)	(514 154)	(550 400)	(525 729)	(525 729)	(594 335)	(624 052)	(655 255)
Finance charges		(18 293)	(16 961)	(15 818)	(18 952)	(15 027)	(15 027)	(15 027)	(18 952)	(18 004)	(17 104)
Transfers and Grants	1	(446 711)	(404 765)	(295 666)	(48 992)	(37 407)	(37 407)	(37 407)	(95 190)	(99 949)	(104 947)
NET CASH FROM/(USED) OPERATING ACTIVITIES		219 367	213 866	426 374	370 313	421 708	415 239	415 239	399 635	347 696	410 865
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		372							–	–	–
Decrease (Increase) in non-current debtors		388	(61)	63					–	–	–
Decrease (increase) other non-current receivables		17							–	–	–
Decrease (increase) in non-current investments									–	–	–
Payments											
Capital assets		(190 532)	(187 217)	(309 218)	(336 966)	(384 724)	(353 884)	(353 884)	(337 894)	(354 789)	(372 529)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(189 755)	(187 277)	(309 155)	(336 966)	(384 724)	(353 884)	(353 884)	(337 894)	(354 789)	(372 529)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									–	–	–
Borrowing long term/refinancing					20 000				–	–	–
Increase (decrease) in consumer deposits			3 195	3 343	(83 903)	12 243	(12 128)	(12 128)	979	1 028	1 079
Payments											
Repayment of borrowing		(15 614)	(9 171)	(23 480)	(19 741)	(19 375)	(19 375)	(19 375)	(18 754)	(17 816)	(16 925)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(15 614)	(5 976)	(20 137)	(83 644)	(7 132)	(31 503)	(31 503)	(17 775)	(16 788)	(15 846)
NET INCREASE/ (DECREASE) IN CASH HELD		13 998	20 613	97 082	(50 297)	29 852	29 852	29 852	43 965	(23 882)	22 490
Cash/cash equivalents at the year begin:	2	43 477	57 468	74 886	156 050	168 625	168 625	168 625	190 605	234 571	210 689
Cash/cash equivalents at the year end:	2	57 475	78 081	171 968	105 753	198 476	198 476	198 476	234 571	210 689	233 179

References

1. Local/District municipalities to include transfers from/to District/Local Municipalities

2. Cash equivalents includes investments with maturities of 3 months or less

3. The MTREF is populated directly from SA30.

Total receipts	920 813	889 185	985 271	952 411	1 024 541	993 401	993 401	1 108 112	1 089 702	1 188 170
Total payments	(891 201)	(862 596)	(868 052)	(919 064)	(987 557)	(932 046)	(932 046)	(1 046 372)	(1 096 795)	(1 149 834)
	29 612	26 589	117 219	33 347	36 984	61 355	61 355	61 740	(7 094)	38 336
Borrowings & investments & c.deposits	–	3 195	3 343	(63 903)	12 243	(12 128)	(12 128)	979	1 028	1 079
Repayment of borrowing	(15 614)	(9 171)	(23 480)	(19 741)	(19 375)	(19 375)	(19 375)	(18 754)	(17 816)	(16 925)
	13 998	20 613	97 082	(50 297)	29 852	29 852	29 852	43 965	(23 882)	22 490
	–	–	–	–	–	–	–	–	(0)	0

DC21 Ugu - Table A8 Consolidated Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Cash and investments available											
Cash/cash equivalents at the year end	1	57 475	78 081	171 968	105 753	198 476	198 476	198 476	234 571	210 689	233 179
Other current investments > 90 days		(7)	(3 195)	(3 343)	–	–	–	–	0	(0)	0
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		57 468	74 886	168 625	105 753	198 476	198 476	198 476	234 571	210 689	233 179
Application of cash and investments											
Unspent conditional transfers		47 197	50 776	48 333	52 262	52 262	52 262	52 262	54 875	57 618	60 499
Unspent borrowing		–	–	–	–	–	–		–	–	–
Statutory requirements	2										
Other working capital requirements	3	154 809	114 229	135 305	117 176	117 176	117 176	117 176	32 444	34 066	35 770
Other provisions									2 116	2 222	2 333
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		202 006	165 005	183 638	169 437	169 437	169 437	169 437	89 435	93 907	98 602
Surplus(shortfall)		(144 538)	(90 119)	(15 014)	(63 684)	29 039	29 039	29 039	145 135	116 782	134 577

References

1. Must reconcile with Budgeted Cash Flows

2. For example: VAT, taxation

3. Council approval for policy required - include sufficient working capital (e.g. allowing for a % of current debtors > 90 days as uncollectable)

4. For example: sinking fund requirements for borrowing

5. Council approval required for each reserve created and basis of cash backing of reserves

DC21 Ugu - Table A9 Consolidated Asset Management

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CAPITAL EXPENDITURE										
Total New Assets	1	150 654	163 709	247 700	282 406	330 939	314 392	396 653	416 486	437 310
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		118 796	132 882	209 620	229 238	290 194	275 684	303 229	318 390	334 310
Infrastructure - Sanitation		13 984	13 716	22 459	23 278	22 829	21 688	56 769	59 608	62 588
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		*132 780*	*146 598*	*232 079*	*252 516*	*313 023*	*297 372*	*359 998*	*377 998*	*396 898*
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	17 670	17 091	13 138	29 490	17 549	16 671	36 655	38 487	40 412
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		204	19	2 483	400	368	350	-	-	-
Total Renewal of Existing Assets	2	39 951	38 651	61 320	54 560	90 605	86 075	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		25 968	25 123	39 858	32 906	65 878	62 584	-	-	-
Infrastructure - Sanitation		11 985	11 595	18 396	21 354	24 427	23 206	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		*37 953*	*36 718*	*58 254*	*54 260*	*90 305*	*85 790*	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	1 998	1 933	3 066	300	300	285	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4									
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		144 764	158 005	249 478	262 144	356 072	338 268	303 229	318 390	334 310
Infrastructure - Sanitation		25 969	25 311	40 855	44 632	47 256	44 893	56 769	59 608	62 588
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		*170 734*	*183 316*	*290 333*	*306 776*	*403 328*	*383 162*	*359 998*	*377 998*	*396 898*
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		19 668	19 023	16 204	29 790	17 849	16 956	36 655	38 487	40 412
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		204	19	2 483	400	368	350	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	190 605	202 359	309 020	336 966	421 545	400 467	396 653	416 486	437 310
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport										
Infrastructure - Electricity										
Infrastructure - Water		1 430 245	1 163 777	1 339 663	1 403 715	1 434 555	1 403 715	1 473 900	1 547 595	1 624 975
Infrastructure - Sanitation		246 676	252 458	290 022	304 523	304 523	304 523	319 749	335 737	352 524
Infrastructure - Other		2 463	2 085	2 444	2 566	2 566	2 566	2 695	2 829	2 971
Infrastructure		*1 679 385*	*1 418 320*	*1 632 129*	*1 710 804*	*1 741 644*	*1 710 804*	*1 796 344*	*1 886 161*	*1 980 470*
Community		140 685	105 432	96 501	122 926	54 067	54 067	77 587	81 467	85 540
Heritage assets										
Investment properties		-	25 000	14 600	22 500	22 500	22 500	22 500	22 500	22 500
Other assets		116 979	480 635	517 382	646 728	491 513	491 513	705 322	740 588	777 617
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		13 070	10 354	9 686	11 913	11 913	11 913	12 509	13 134	13 791
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	1 950 120	2 039 740	2 270 298	2 514 871	2 321 637	2 290 797	2 614 262	2 743 850	2 879 917
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		56 478	64 304	66 834	64 203	64 216	61 006	70 285	73 799	77 489
Repairs and Maintenance by Asset Class	3	17 598	11 200	17 164	48 705	39 750	37 762	58 600	61 530	64 606
Infrastructure - Road transport		2 747	-	1 463	4 961	4 224	4 013	6 581	6 910	7 256
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		6 556	1 917	8 308	18 134	12 842	12 200	14 955	15 703	16 488
Infrastructure - Sanitation		323	-	699	6 492	4 800	4 560	3 164	3 323	3 489
Infrastructure - Other		-	-	-	-	-	-	4 268	4 481	4 706
Infrastructure		*9 626*	*1 917*	*10 471*	*29 588*	*21 866*	*20 773*	*28 969*	*30 417*	*31 938*
Community		-	-	-	420	200	190	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	7 972	9 283	6 693	18 697	17 684	16 800	29 631	31 112	32 668
TOTAL EXPENDITURE OTHER ITEMS		74 077	75 504	83 998	112 907	103 966	98 767	128 884	135 329	142 095
Renewal of Existing Assets as % of total capex		*21.0%*	*19.1%*	*19.8%*	*16.2%*	*21.5%*	*21.5%*	*0.0%*	*0.0%*	*0.0%*
Renewal of Existing Assets as % of deprecn"		*70.7%*	*60.1%*	*91.7%*	*85.0%*	*141.1%*	*141.1%*	*0.0%*	*0.0%*	*0.0%*
R&M as a % of PPE		*0.9%*	*0.6%*	*0.8%*	*2.0%*	*1.7%*	*1.7%*	*2.3%*	*2.3%*	*2.3%*
Renewal and R&M as a % of PPE		*3.0%*	*2.0%*	*3.0%*	*4.0%*	*6.0%*	*5.0%*	*2.0%*	*2.0%*	*2.0%*

References

1. Detail of new assets provided in Table SA34a

2. Detail of renewal of existing assets provided in Table SA34b

3. Detail of Repairs and Maintenance by Asset Class provided in Table SA34c

4. Must reconcile to total capital expenditure on Budgeted Capital Expenditure

5. Must reconcile to 'Budgeted Financial Position' (written down value)

6. Donated/contributed and assets funded by finance leases to be allocated to the respective category

DC21 Ugu - Table A10 Consolidated basic service delivery measurement

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Household service targets	1									
Water:										
Piped water inside dwelling		42 000	43 000		46 200	46 200	46 200	48 510	50 936	53 482
Piped water inside yard (but not in dwelling)		-	-							
Using public tap (at least min.service level)	2	59 000	59 000		61 950	61 950	61 950	65 048	68 300	71 715
Other water supply (at least min.service level)	4	-	-							
Minimum Service Level and Above sub-total		101 000	102 000	-	108 150	108 150	108 150	113 558	119 235	125 197
Using public tap (< min.service level)	3	56 000	56 000							
Other water supply (< min.service level)	4				86 606	86 607	86 608	90 939	95 485	100 260
No water supply		22 000	22 000							
Below Minimum Service Level sub-total		78 000	78 000	-	86 606	86 607	86 608	90 939	95 485	100 260
Total number of households	5	179 000	180 000	-	194 756	194 757	194 758	204 496	214 721	225 457
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		17 000	17 000		17 850	17 850	17 850	18 743	19 680	20 664
Flush toilet (with septic tank)		15 000	15 000		15 750	15 750	15 750	16 538	17 364	18 233
Chemical toilet		2 000	2 000		2 100	2 100	2 100	2 205	2 315	2 431
Pit toilet (ventilated)		125 000	125 000		90 291	90 291	90 291	94 805	99 545	104 523
Other toilet provisions (> min.service level)		-	-							
Minimum Service Level and Above sub-total		159 000	159 000	-	125 991	125 991	125 991	132 290	138 905	145 850
Bucket toilet										
Other toilet provisions (< min.service level)					31 840	31 841	31 842	33 434	35 106	36 861
No toilet provisions		11 000	12 000							
Below Minimum Service Level sub-total		11 000	12 000	-	31 840	31 841	31 842	33 434	35 106	36 861
Total number of households	5	170 000	171 000	-	157 831	157 832	157 833	165 724	174 011	182 711
Energy:										
Electricity (at least min.service level)										
Electricity - prepaid (min.service level)										
Minimum Service Level and Above sub-total		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources										
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Refuse:										
Removed at least once a week										
Minimum Service Level and Above sub-total		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week										
Using communal refuse dump										
Using own refuse dump										
Other rubbish disposal										
No rubbish disposal										
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		83	83		79 792	79 792	79 792	83 781	87 970	92 369
Sanitation (free minimum level service)		64	64		90 291	90 291	90 291	94 805	99 545	104 523
Electricity/other energy (50kwh per household per month)										
Refuse (removed at least once a week)										
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)		2 070	2 071		52 632	52 632	52 632	55 263 666	58 026 850	60 928 192
Sanitation (free sanitation service)		2 070	2 071							
Electricity/other energy (50kwh per household per month)										
Refuse (removed once a week)										
Total cost of FBS provided (minimum social package)		4	4	-	52 632	52 632	52 632	55 264	58 027	60 928
Highest level of free service provided										
Property rates (R value threshold)										
Water (kilolitres per household per month)		6			6					
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)										
Property rates (other exemptions, reductions and rebates)										
Water		1 077	1 078		69 624	69 624	69 624	73 105 422	76 760 693	80 598 728
Sanitation										
Electricity/other energy										
Refuse										
Municipal Housing - rental rebates										
Housing - top structure subsidies	6									
Other										
Total revenue cost of free services provided (total social package)		1	1	-	69 624	69 624	69 624	73 105	76 761	80 599

References

1. Include services provided by another entity; e.g. Eskom

2. Stand distance <= 200m from dwelling

3. Stand distance > 200m from dwelling

4. Borehole, spring, rain-water tank etc.

5. Must agree to total number of households in municipal area (informal settlements receiving services must be included)

6. Include value of subsidy provided by municipality above provincial subsidy level

7. Show number of households receiving at least these levels of services completely free (informal settlements must be included)

8. Must reflect the cost to the municipality of providing the Free Basic Service

DC21 Ugu - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1										
REVENUE ITEMS:											
Property rates	6										
Total Property Rates											
less Revenue Foregone											
Net Property Rates		-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	6										
Total Service charges - electricity revenue											
less Revenue Foregone											
Net Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	6										
Total Service charges - water revenue		229 875	253 452	224 600	296 005	318 759	296 218	296 218	327 156	349 514	368 682
less Revenue Foregone		19 430	13 995	3 589	22 541	22 041	20 944	20 944	25 421	27 727	29 113
Net Service charges - water revenue		210 444	186 727	221 011	273 464	296 718	274 273	274 273	300 735	315 788	331 570
Service charges - sanitation revenue											
Total Service charges - sanitation revenue		86 072	89 788	93 777	135 002	135 002	99 838	99 838	107 110	112 465	118 089
less Revenue Foregone											
Net Service charges - sanitation revenue		86 072	89 788	93 777	135 002	135 002	99 838	99 838	107 110	112 465	118 089
Service charges - refuse revenue	6										
Total refuse removal revenue											
Total landfill revenue											
less Revenue Foregone											
Net Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	-
Other Revenue by source											
Building Plans		71	81	54	42	42	40	40	42	44	46
Connection fee - Regal connections		28	16	-	32	32	30	30	32	33	35
House Connections		2 043	2 341	1 639	100	105	100	100	110	115	122
New Connection Fees		-			2 454	2 454	2 331	2 331	2 577	2 705	2 847
Reconnections		117	117	121	143	143	135	135	150	157	165
Restrictions/Disconnections		559	678	441	705	705	671	671	741	778	817
Septic Tanks - Umdoni Municipality		-	-		427	427	397	397	433	455	478
Tender Deposits		297	355	134	258	258	274	274	333	318	334
Rates Certificates		209	136	232	240	240	228	228	252	264	278
Water Sundry		93	5 821	3 031	2	2	2	2	2	2	2
Miscellaneous / Sundry		1 639	3 211	4 000	197	547	520	520	1 120	1 259	1 322
Other Income , Entity	3				4 885	1 502	1 512	1 512	2 021	2 122	2 228
Total 'Other' Revenue	1	5 057	13 755	9 756	10 196	6 507	6 229	6 229	7 862	8 255	8 668
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	131 624	139 646	153 017	160 347	171 927	163 330	163 330	187 331	199 761	209 699
Pension and UIF Contributions		20 632	24 100	25 459	27 814	28 120	25 606	25 606	27 739	29 126	30 582
Medical Aid Contributions		8 573	9 112	10 417	12 470	12 661	12 237	12 237	17 034	17 875	18 769
Overtime		22 182	23 619	20 977	11 498	20 208	19 205	19 205	21 391	22 461	23 584
Performance Bonus		19 890	11 053	252	-	-	-	-	313	235	351
Motor Vehicle Allowance		14 068	13 885	11 782	11 402	11 059	11 066	11 066	10 930	11 475	12 050
Cellphone Allowance		431	434	369	919	935	945	945	1 402	1 472	1 545
Housing Allowances		956	1 127	1 064	1 240	1 337	1 279	1 279	1 652	1 745	1 832
Other benefits and allowances		15 051	17 112	15 620	11 657	11 823	11 229	11 229	14 582	15 731	15 517
Payments in lieu of leave		6 453	4 873	-	5 522	5 522	5 256	5 256	6 056	6 210	6 588
Long service awards		1 243	302	3 256	1 335	1 335	1 269	1 269	1 418	1 489	1 563
Post-retirement benefit obligations	4	11 992	3 279	3 105	863	863	810	810	-	-	-
sub-total	5	239 669	247 612	248 106	254 818	267 067	253 713	253 713	299 224	304 840	320 682
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	239 669	247 612	248 106	254 818	267 067	253 713	253 713	299 224	304 840	320 682
Contributions recognised - capital											
List contributions by contract											
Total Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		55 478	64 304	66 854	64 203	64 216	61 005	61 005	70 295	73 799	77 489
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE	10										
Total Depreciation & asset impairment	1	55 478	64 304	66 854	64 203	64 216	61 005	61 005	70 295	73 799	77 489
Bulk purchases											
Electricity Bulk Purchases											
Water Bulk Purchases		34 328	34 659	46 954	49 500	55 675	52 325	52 325	69 255	72 718	76 354
Total bulk purchases	1	34 328	34 659	46 954	49 500	55 675	52 325	52 325	69 255	72 718	76 354
Transfers and grants											
Cash transfers and grants		10 417	9 700	3 448	13 554	2 820	2 679	2 679	-	-	-
Non-cash transfers and grants		147 193	180 822	108 285	69 295	82 569	87 139	87 940	95 190	99 949	104 947
Total transfers and grants	1	157 610	190 522	111 733	107 959	85 389	89 818	90 619	95 190	99 949	104 947
Contracted services											
Security Services		8 814	8 959	10 100	10 562	10 700	10 155	10 155	9 009	9 522	9 998
Cleaning & Hygiene Services		2 003	2 207	1 859	3 000	2 131	2 024	2 024	2 100	2 205	2 315
Cash Banking		153	132	147	195	225	223	223	253	228	276
Alarm Monitoring		-	10	4	10	10	10	10	10	11	11
Agency services			-	16	35	1 800	1 710	1 710	200	215	331
Other contracted services		651	324	100	36	36	34	34	38	39	41
Consulting Fees		3 958	1 912	825	-	-	-	-	238	249	262
ERP Support Services		1 907	2 002	1 798	2 002	2 002	1 901	1 901	1 500	1 575	1 654
Consulting Chemist		1 858	1 357	4 044	7 000	5 500	5 225	5 225	7 182	7 541	7 918
Internal Audit consumed		-	-		200	200	190	190	143	150	157
Pest Control		91	109	27	150	90	86	86	85	84	88
Blockages contractors			347	-	-	-	-	-	-	-	-
VTS Contractors			577	753	1 100	1 600	1 520	1 520	1 429	1 500	1 575
sub-total	1	18 425	19 256	19 600	24 720	24 324	23 108	23 108	22 357	23 484	24 627
Allocations to organs of state:											
Electricity											
Water											
Sanitation											
Other											
Total contracted services		18 425	19 256	19 600	24 720	24 324	23 108	23 108	22 357	23 484	24 627
Other Expenditure By Type											
Collection costs											
Contributions to 'other' provisions											
Consultant fees											
Audit fees		2 303	2 342	2 111	2 745	2 745	2 608	2 608	2 538	2 665	2 798
General expenses	3	29 753	28 397	29 750	13 097	43 975	38 927	38 927	34 100	35 805	37 595
Repairs and maintenance (to be deleted)		17 558	11 220	17 164	48 705	39 654	37 710	37 710	58 600	61 530	64 606
Electricity		39 667	42 301	45 245	55 153	57 207	54 347	54 347	59 171	62 130	65 237
Fuel & Oil		8 734	8 829	10 198	7 603	6 657	6 514	6 514	5 624	5 979	6 278
Transport Costs		5 941	5 705	9 853	10 332	7 863	7 479	7 479	8 318	8 734	9 171
Materials		816	679	691	777	772	733	733	800	840	882
Workmans Compensation		-	1 435	1 326	1 500	1 300	1 235	1 235	1 500	1 800	1 566
Telephones		1 022	1 302	1 112	1 340	1 432	1 360	1 360	1 173	1 158	1 216
Training and work study		430	1	1 015	2 400	2 515	2 454	2 454	3 000	3 150	3 308
Rent Offices		847	1 603	1 258	924	974	926	926	1 000	1 050	1 103
Rent Office Equipment		1 241	1 266	716	712	1 240	1 178	1 178	1 000	1 050	1 103
Events		1 458	2 062	500	-	-	-	-	-	-	-
Accommodation,servants,travel		705	359	508	818	1 200	1 140	1 140	914	959	1 007
Advertising		151	219	173	370	797	672	672	581	610	641
Cellphones		1 241	1 295	1 012	909	922	876	876	700	735	772
Garden Services		1 127	938	758	1 668	1 764	1 677	1 677	1 175	1 234	1 296
Computer Licenses		2 055	1 679	2 471	5 000	4 955	4 705	4 705	5 000	5 250	5 513
Legal Fees		1 548	831	3 259	1 400	1 400	1 330	1 330	1 285	1 329	1 395
Insurance		3 575	61	2 777	3 800	3 800	3 610	3 610	3 036	3 188	3 348
Licenses		479	575	621	1 144	864	850	850	1 047	1 099	1 154
Vehicle Tracking				1 036	1 332	592	563	563	1 138	1 195	1 255
Water Research Fund				103	5 000	500	475	475	2 500	2 625	2 756
Postage				1 822	1 500	1 500	1 425	1 425	1 710	1 795	1 885
Total 'Other' Expenditure	1	113 818	113 031	129 314	186 867	181 629	172 547	172 547	196 181	206 060	216 363

Repairs and Maintenance by Expenditure Item	8										
Employee related costs											
Other materials											
Contracted Services											
Other Expenditure		17 558	11 200	17 164	48 705	39 750	37 702	35 874	58 600	61 530	64 606
Total Repairs and Maintenance Expenditure	9	17 558	11 200	17 164	48 705	39 750	37 702	35 874	58 600	61 530	64 606
check		-	-	-	-	-	-	-	-	-	-

References

1. Must reconcile with 'Budgeted Financial Performance (Revenue and Expenditure)'
2. Must reconcile to supporting documentation on staff salaries
3. Insert other categories where revenue or expenditure is of a material nature (list separate items until 'General expenses' is not > 10% of Total Expenditure)
4. Expenditure to meet any 'unfunded obligations'
5. This sub-total must agree with the total on SA22, but excluding councillor and board member items
6. Include a note for each revenue item that is affected by 'revenue foregone'
7. Special consideration may have to be given to including 'goods-in-arrang' or 'joint venture' budgets where circumstances require this (include separately under notes and notes)
8. Repairs and Maintenance is not a GRAP item. However to facilitate transparency, municipalities must provide a breakdown of the amounts included in the relevant GRAP items that will be spent on Repairs and Maintenance
9. Must reconcile with Repairs and Maintenance by Asset Class (Total Repairs and Maintenance on Table SA34c
10. Only applicable to municipalities that have adopted the revaluation method in GRAP 17. The aim is to prevent overstating depreciation and asset impairment

DC21 Ugu - Supporting Table SA2 Consolidated Matrix Financial Performance Budget (revenue source/expenditure type & dept.)

Description	Ref	Vote 1 - EXECUTIVE & COUNCIL	Vote 2 - FINANCE & ADMINISTRATION	Vote 3 - INFRASTRUCTURE & ECONOMIC DEVELOPMEN	Vote 4 - WATER	Vote 5 - WASTE WATER MANAGEMENT	Vote 6 - PUBLIC SAFETY	Vote 7 - ENVIRONMENTAL PROTECTION	Vote 8 - OTHER: MARKET	Vote 9 - SPORTS & RECREATION	Vote 10 - [NAME OF VOTE 10]	Vote 11 - [NAME OF VOTE 11]	Vote 12 - [NAME OF VOTE 12]	Vote 13 - [NAME OF VOTE 13]	Vote 14 - [NAME OF VOTE 14]	Vote 15 - [NAME OF VOTE 15]	Total
R thousand	1																
Revenue By Source																	
Property rates																	-
Property rates - penalties & collection charges																	-
Service charges - electricity revenue																	-
Service charges - water revenue					300 751												300 751
Service charges - sanitation revenue						107 110											107 110
Service charges - refuse revenue																	-
Service charges - other																	-
Rental of facilities and equipment					705				600	180							1 485
Interest earned - external investments			5 000	506													5 506
Interest earned - outstanding debtors					3 597												3 597
Dividends received																	-
Fines																	-
Licences and permits																	-
Agency services																	-
Other revenue			8	2 021	4 716	617		500									7 852
Transfers recognised - operational		2 076	153 735	30 405	168 686	6 212	3 762	16 467									381 544
Gains on disposal of PPE																	-
Total Revenue (excluding capital transfers and contribution		2 076	158 744	32 932	478 654	113 940	3 762	16 967	600	180	-	-	-	-	-	-	807 854
Expenditure By Type																	
Employee related costs		28 703	48 458	25 051	141 841	30 902		15 369									290 324
Remuneration of councillors		9 417		499													9 916
Debt impairment				53	13 640	9 379											23 072
Depreciation & asset impairment			929	209	62 857	6 290											70 285
Finance charges				2	6 934	11 996			21								18 952
Bulk purchases					69 255												69 255
Other materials					5 664	3 403											9 067
Contracted services		143	13 309	38	7 420	1 429											22 337
Transfers and grants		4 231	2 740	7 228	77 241		3 659	100									95 199
Other expenditure		8 947	44 845	14 535	100 815	24 143	65	1 808	1 011								196 191
Loss on disposal of PPE																	-
Total Expenditure		51 441	110 281	47 624	485 665	87 542	3 736	17 267	1 032	-	-	-	-	-	-	-	804 588
Surplus/(Deficit)		(49 365)	48 463	(14 692)	(7 011)	26 397	26	(300)	(432)	180	-	-	-	-	-	-	3 265
Transfers recognised - capital					351 998		3 000										354 998
Contributions recognised - capital																	-
Contributed assets																	-
Surplus/(Deficit) after capital transfers & contributions		(49 365)	48 463	(14 692)	344 987	26 397	3 026	(300)	(432)	180	-	-	-	-	-	-	358 264

References

1. Departmental columns to be based on municipal organisation structure

DC21 Ugu - Supporting Table SA3 Supportinging detail to 'Budgeted Financial Position'

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
ASSETS											
Call investment deposits											
Call deposits < 90 days		4 940	12 721	8 293	9 077	17 135	17 135	17 135	21 901	22 996	24 146
Other current investments > 90 days											
Total Call investment deposits	2	4 940	12 721	8 293	9 077	17 135	17 135	17 135	21 901	22 996	24 146
Consumer debtors											
Consumer debtors		159 889	192 964	226 700	194 957	225 417	194 957	194 957	204 704	214 940	225 687
Less: Provision for debt impairment		(117 236)	(91 428)	(94 288)	(128 826)	(128 826)	(128 826)	(128 826)	(128 826)	(128 826)	(128 826)
Total Consumer debtors	2	42 653	101 537	132 411	66 130	96 590	66 130	66 130	75 878	86 113	96 860
Debt impairment provision											
Balance at the beginning of the year		70 644	117 236	91 428	107 807	107 807	107 807	107 807	128 826	128 826	128 826
Contributions to the provision		46 593	(25 809)		21 019	21 019	21 019	21 019			
Bad debts written off				2 861							
Balance at end of year		117 236	91 428	94 288	128 826	128 826	128 826	128 826	128 826	128 826	128 826
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		2 948 357	3 078 246	3 375 081	3 622 907	3 429 673	3 398 833	3 398 833	3 791 986	3 981 585	4 180 664
Leases recognised as PPE	3										
Less: Accumulated depreciation		1 011 307	1 073 860	1 129 069	1 142 448	1 142 448	1 142 448	1 142 448	1 212 733	1 273 369	1 337 038
Total Property, plant and equipment (PPE)	2	1 937 049	2 004 387	2 246 012	2 480 459	2 287 225	2 256 385	2 256 385	2 579 253	2 708 216	2 843 627
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)				68							
Current portion of long-term liabilities		14 452	16 910	21 630	18 741	18 741	18 741	18 741	17 816	16 925	16 079
Total Current liabilities - Borrowing		14 452	16 910	21 698	18 741	18 741	18 741	18 741	17 816	16 925	16 079
Trade and other payables											
Trade and other creditors		154 809	114 229	135 305	117 176	117 176	117 176	117 176	32 444	34 066	35 770
Unspent conditional transfers		47 197	50 776	48 333	52 262	52 262	52 262	52 262	54 875	57 618	60 499
VAT											
Total Trade and other payables	2	202 006	165 005	183 638	169 437	169 437	169 437	169 437	87 319	91 685	96 269
Non current liabilities - Borrowing											
Borrowing	4	198 016	188 845	165 364	150 077	150 077	150 077	150 077	131 323	113 507	96 581
Finance leases (including PPP asset element)											
Total Non current liabilities - Borrowing		198 016	188 845	165 364	150 077	150 077	150 077	150 077	131 323	113 507	96 581
Provisions - non-current											
Retirement benefits		18 960	21 376	23 600	21 302	21 302	21 302	21 302	22 367	23 485	24 659
List other major provision items											
Refuse landfill site rehabilitation											
Other		9 055	8 441	11 076	8 441	8 637	8 637	8 637	9 069	9 522	9 999
Total Provisions - non-current		28 015	29 816	34 676	29 742	29 939	29 939	29 939	31 436	33 007	34 658
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		1 446 266	1 630 809	1 814 157	2 204 281	2 012 005	2 012 005	2 012 005	2 152 798	2 648 760	2 777 062
GRAP adjustments											
Restated balance		1 446 266	1 630 809	1 814 157	2 204 281	2 012 005	2 012 005	2 012 005	2 152 798	2 648 760	2 777 062
Surplus/(Deficit)		184 542	228 524	350 365	321 379	417 715	397 631	396 829	358 264	376 177	394 986
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments		(0)	(46 129)	(954)	(190 498)	(188 876)	(230 093)	(256 036)	137 699	(247 875)	(214 572)
Accumulated Surplus/(Deficit)	1	1 630 809	1 813 204	2 163 569	2 335 161	2 240 843	2 179 543	2 152 798	2 648 760	2 777 062	2 957 476
Reserves											
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
Total Reserves	2	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	1 630 809	1 813 204	2 163 569	2 335 161	2 240 843	2 179 543	2 152 798	2 648 760	2 777 062	2 957 476

Total capital expenditure includes expenditure on nationally significant priorities:

Provision of basic services										

DC21 Ugu - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Good Governance	Financial Management			93 649	110 495	103 180	139 911	143 697	136 512	157 796	165 686	173 971
Good Governance	Human Resources Management											
Good Governance	Support services			322 103	1 345	1 410	2 309	1 368	1 300	2 774	2 912	3 058
Good Governance	Institutional Transformation			1 053		889		300	285	–	–	–
Good Governance	Strategic Planning			2 382	12	278	250	300	285	250	263	276
Economic Development	Agricultural Market			305	1 261	1 903	1 225	1 300	1 235	600	630	662
Economic Development	Local Economic Development			18 351	10 022	13 174	42 175	27 647	26 265	32 932	34 578	36 307
Environmental Protection	Environmental Services			2 382	3 790	8 863	15 096	14 857	14 115	16 967	17 815	18 706
Community	Sports & Recreation			226	342	468	600	360	342	180	189	198
Safety & Security	Fire Fighting			–	–	4 686				3 000	3 150	3 308
Safety & Security	Disaster Management			5 855	681	14 679	11 391	11 288	10 723	3 762	3 950	4 147
Sustainable Services	Sanitation			95 025	98 856	100 105	116 063	111 440	105 868	113 856	119 549	125 527
Sustainable Services	Water			326 586	678 753	777 247	718 745	853 972	811 273	830 736	872 272	915 886
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	867 916	905 557	1 026 881	1 047 766	1 166 529	1 108 203	1 162 852	1 220 995	1 282 044

References

1. Total revenue must reconcile to Table A4 Budgeted Financial Performance (revenue and expenditure)

DC21 Ugu - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Financial Viability	Financial Management			28 201	54 402	30 199	30 042	30 106	28 601	30 095	31 600	33 180
Good Governance	Human Resources Management			28 383	244 234	254 044	250 806	276 255	262 442	281 889	295 984	310 783
Good Governance	Communication Services			60			200	200	190	200	210	221
Good Governance	Public Participation			–	174	1 902	500	300	285	1 000	1 050	1 103
Good Governance	Support Services						934	934	887	940	987	1 036
Good Governance	Strategic Planning			15 413		866		250	238	250	263	276
Good Governance	Shared Services Strategy			22					–		–	–
Institutional Transformation	Skills Training & Development			534	984	1 615	2 400	2 615	2 484	3 000	3 150	3 308
Institutional Transformation	Employee Assistance Programmes			17	25	49	100	100	95	250	263	276
Institutional Transformation	Occupational Health & Safey			104	181		200	200	190	154	162	170
Social Development	Special Programmes			462	537	488	720	1 160	1 102	3 617	3 798	3 988
Social Development	Culture						120	70	67	–	–	–
Social Development	Sports Development			4 768	1 957	1 549	4 172	1 437	1 365	2 000	2 100	2 205
Economic Development	Agricultural Market			1 655	291	277	1 298	1 133	1 077	861	904	950
Economic Development	Local Economic Development			3 100	623	1 423	1 000	600	570	2 228	2 340	2 457
Economic Development	Tourism Marketing			5 513	7 091	4 675	6 135	6 135	5 829	6 442	6 764	7 103
Economic Development	Tourism Development			3 938	2 639	5 843	21 073	21 073	20 019	34 803	36 543	38 370
Environmental Protection	Climate Change Vulnerability Assessment			–		–	400	400	380	154	162	170
Environmental Protection	Environmental Services			27	1 516	8 938	1 493	1 493	1 419	1 665	1 748	1 836
Environmental Protection	Waste Management			8	–	144	–		–	–	–	–
Environmental Protection	Coastal Management			1	13	1	10	10	10	12	12	13
Environmental Protection	Air Quality Management				223	2	200	200	190	77	81	85
Safety & Security	Fire Fighting			967	–	3 456	3 870	2 820	2 679	250	263	276
Safety & Security	Disaster Management			618	–	7 682	2 021	2 854	2 711	3 736	3 923	4 119
Safety & Security	Security Measures			8 814	8 999	10 100	10 500	10 945	10 398	9 069	9 522	9 998
Safety & Security	Crime Prevention Programmes			–	82	–	–		–		–	–
Sustanable Services	Sanitation			72 376	79 076	42 761	76 280	80 414	76 394	56 640	59 472	62 446
Sustanable Services	VIP Toilets			66 375	52 033	31 004	3 747	13 780	13 091	5 000	5 250	5 513
Sustanable Services	Water Distribution			442 018	221 952	560 210	308 165	606 956	575 806	683 650	717 833	753 725
Sustanable Services	Community											
Allocations to other priorities												
Total Expenditure			1	683 374	677 033	676 516	726 387	748 814	710 571	804 588	844 818	887 059

References

1. Total expenditure must reconcile to Table A4 Budgeted Financial Performance (revenue and expenditure)

DC21 Ugu - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Good Governance	Support services	A		638			3 750	7 652	7 269	438	459	482
Good Governance	Human Resources Management	B					20 000					
Good Governance	Vehicle Replacement Programme (Fleet Management)	C								12 600	13 230	13 892
Good Governance	Fanancial Management / IA	D										
Good Governance	Legal Services	E										
Good Governance	Financial Management	F		5 472	8 998							
Good Governance	Strategy & shared services	G										
Good Governance	Excutive & Council	H			162							
Institutional Transformation	Office centralisation	I								15 500	16 275	17 089
Infrastructure	Telecommunication	J				1 881				4 437	4 659	4 892
Institutional Transformation	Workshops Refurbishment	K										
Infrastructure	Sports development	L		77		25						
Institutional Transformation	Special Programmes	M										
Safety & Security		N			88		1 240	5 397	5 127			
Safety & Security	Disaster Management	O		147 781	105 257	3 555				3 000	3 150	3 308
Safety & Security	Fire Fighting	P										
Economic Development	Agricultural Market	Q			888							
Economic Development	Local Economic Development	R				202	400	368	350	680	714	750
Environmental Protection	Environmental Services	S										
Sustainable Services	Leakage Management	T										
Sustanable Services	Water	U		32 657	70 775	254 601	266 944	360 872	342 828	303 229	318 390	334 310
Sustanable Services	Sanitation	V		3 980	16 191	48 756	44 632	47 256	44 893	56 769	59 608	62 588
			3									
			1	190 605	202 359	309 020	336 966	421 545	400 467	396 653	416 486	437 310

DC21 Ugu - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	5.0%	3.9%	5.8%	5.3%	5.1%	5.3%	5.3%	4.7%	4.5%	4.3%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	10.4%	8.4%	10.9%	9.7%	9.3%	9.5%	9.5%	8.8%	8.4%	8.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	79.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	0.6	1.0	1.4	1.0	1.5	1.3	1.4	2.5	2.4	2.5
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.6	1.0	1.4	1.0	1.5	1.3	1.4	2.5	2.4	2.5
Liquidity Ratio	Monetary Assets/Current Liabilities	0.2	0.4	0.7	0.5	0.9	0.9	1.1	1.8	1.6	1.7
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	12.7%	20.5%	27.3%	13.0%	13.5%	10.0%	9.2%	10.1%	10.6%	11.6%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within'MFMA' s 65(e))										
Creditors to Cash and Investments		269.3%	146.3%	78.7%	110.8%	59.0%	59.0%	59.0%	13.8%	16.2%	15.3%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kl)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	37.4%	39.3%	41.8%	34.6%	35.4%	35.4%	35.4%	35.9%	35.9%	35.9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	38.5%	40.6%	43.1%	36.0%	36.6%	36.6%		37.2%	37.2%	37.2%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	2.9%	1.8%	2.9%	6.6%	5.3%	5.3%		7.3%	7.3%	7.3%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	12.2%	12.9%	14.0%	11.3%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	11.0	5.5	14.6	15.3	15.3	15.3	14.7	15.6	16.6	17.4
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	26.1%	46.3%	59.7%	25.0%	25.7%	18.9%	17.6%	19.9%	21.4%	22.8%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	1.7	2.6	5.2	2.8	5.2	5.5	5.5	5.7	4.8	5.1

References

1. Consumer debtors > 12 months old are excluded from current assets

2. Only include if services provided by the municipality

DC21 Ugu - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2011/12	2012/13	2013/14	Current Year 2014/15	2015/16 Medium Term Revenue Framework	
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome
Demographics											
Population			643	704	710	710	710	710	710	745	783
Females aged 5 - 14			139	93	133	133	133	133	133	139	146
Males aged 5 - 14			114	92	121	121	121	121	121	127	133
Females aged 15 - 34			101	129	216	216	216	216	216	227	238
Males aged 15 - 34			92	111	195	195	195	195	195	205	215
Unemployment			320	94	190	190	190	190	190	200	210
Monthly household income (no. of households)	1, 12										
No income			41 247	41 247	41 247	41 247	41 247	41 247	41	43	45
R1 - R1 600			18 449	18 449	18 449	18 449	18 449	18 449	18	19	20
R1 601 - R3 200			38 547	38 547	38 547	38 547	38 547	38 547	39	40	42
R3 201 - R6 400			21 760	21 760	21 760	21 760	21 760	21 760	22	23	24
R6 401 - R12 800			10 995	10 995	10 995	10 995	10 995	10 995	11	12	12
R12 801 - R25 600			4 958	4 958	4 958	4 958	4 958	4 958	5	5	5
R25 601 - R51 200			1 811	1 811	1 811	1 811	1 811	1 811	2	2	2
R52 201 - R102 400			532	532	532	532	532	532	1	1	1
R102 401 - R204 800			156	156	156	156	156	156	0	0	0
R204 801 - R409 600			74	74	74	74	74	74	0	0	0
R409 601 - R819 200			166	166	166	166	166	166	0	0	0
> R819 200			55	55	55	55	55	55	0	0	0
Poverty profiles (no. of households)											
< R2 060 per household per month	13										
Insert description	2										
Household/demographics (000)											
Number of people in municipal area			643 349	704 030	709 918	710	710	710	710	745	783
Number of poor people in municipal area						168	168	168	168	176	185
Number of households in municipal area			122 546	150 610	151 455	152	152	152	152	159	167
Number of poor households in municipal area						114	114	114	114	119	125
Definition of poor household (R per month)			2 020	2 020	2 020	2 020	2 020	2 020	2 020	2	2
Housing statistics	3										
Formal			52 403	144 324	144 796	144 324	144 324	144 324	144	152	159
Informal			70 143	6 286	6 659	8 296	8 296	8 296	8	9	9
Total number of households			122 546	150 610	151 455	152 620	152 620	152 620	152 620	160 251	168 264
Dwellings provided by municipality	4										
Dwellings provided by province/s											
Dwellings provided by private sector	5										
Total new housing dwellings			-	-	-	-	-	-	-	-	-
Economic	6										
Inflation/inflation outlook (CPIX)						5.6%	5.7%	5.8%	5.6%	4.8%	5.9%
Interest rate - borrowing						9.0%	9.5%	10.1%	10.6%	11.1%	11.6%
Interest rate - investment						6.5%	6.9%	7.3%	7.7%	8.0%	8..52%
Remuneration increases						6.5%	6.5%	6.5%	6.6%	4.4%	4.7%
Consumption growth (electricity)											
Consumption growth (water)						2.3%	2.3%	3.0%	3.6%	4.0%	4.5%
Collection rates	7										
Property tax/service charges						79.0%	7.9%	80.2%	80.5%	80.9%	8.9%
Rental of facilities & equipment						100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - external investments						100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - debtors											
Revenue from agency services											

Detail on the provision of municipal services for A10

Total municipal services	Ref.		2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue Framework	
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17
		Household service targets (000)								
		Water:								
		Piped water inside dwelling	43	44	35 000	36 750	36 750	36 750	38 588	40 517
		Piped water inside yard (but not in dwelling)	3	4						

DC21 Ugu Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	57 475	78 081	171 968	105 753	198 476	198 476	198 476	234 571	210 689	233 179
Cash + investments at the yr end less applications - R'000	18(1)b	2	(144 538)	(90 119)	(15 014)	(63 684)	29 039	29 039	29 039	145 135	116 782	134 577
Cash year end/monthly employee/supplier payments	18(1)b	3	1.7	2.6	5.2	2.8	5.2	5.5	5.5	5.7	4.8	5.1
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	184 542	228 524	350 365	321 379	417 715	397 631	396 829	358 264	376 177	394 986
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(13.0%)	7.8%	14.3%	(2.0%)	(11.0%)	(6.0%)	(2.4%)	(1.0%)	(1.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	15.6%	(6.5%)	8.2%	5.5%	5.3%	5.3%	5.3%	5.6%	5.6%	5.6%
Capital payments % of capital expenditure	18(1)c;19	8	100.0%	92.5%	100.1%	100.0%	91.3%	88.4%	88.4%	85.2%	85.2%	85.2%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	79.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								100.0%	105.1%	99.4%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	65.4%	24.8%	(40.7%)	6.8%	(29.9%)	(7.3%)	(20.1%)	12.9%	12.0%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	635.1%	(89.5%)	1650.4%	0.0%	0.0%	(100.0%)	5.0%	5.0%	5.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.9%	0.6%	0.8%	2.0%	1.7%	1.7%	2.6%	2.3%	2.3%	2.3%
Asset renewal % of capital budget	20(1)(vi)	14	21.0%	19.1%	19.8%	16.2%	21.5%	21.5%	0.0%	0.0%	0.0%	0.0%

References

1. Positive cash balances indicative of minimum compliance - subject to 2

2. Deduct cash and investment applications (defined) from cash balances

3. Indicative of sufficient liquidity to meet average monthly operating payments

4. Indicative of funded operational requirements

5. Indicative of adherence to macro-economic targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)

6. Realistic average cash collection forecasts as % of annual billed revenue

7. Realistic average increase in debt impairment (doubtful debt) provision

8. Indicative of planned capital expenditure level & cash payment timing

9. Indicative of compliance with borrowing 'only' for the capital budget - should not exceed 100% unless refinancing

10. Substantiation of National/Province allocations included in budget

11. Indicative of realistic current arrear debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)

12. Indicative of realistic long term arrear debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)

13. Indicative of a credible allowance for repairs & maintenance of assets - functioning assets revenue protection

14. Indicative of a credible allowance for asset renewal (requires analysis of asset renewal projects as % of total capital projects - detailed capital plan) - functioning assets revenue protection

DC21 Ugu - Supporting Table SA13a Service Tariffs by category

Description	Ref	Provide description of tariff structure where appropriate	2011/12	2012/13	2013/14	Current Year 2014/15	2015/16 Medium Term Revenue & Expenditure Framework		
							Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Property rates *(rate in the Rand)*	1								
Residential properties									
Residential properties - vacant land									
Formal/informal settlements									
Small holdings									
Farm properties - used									
Farm properties - not used									
Industrial properties									
Business and commercial properties									
Communal land - residential									
Communal land - small holdings									
Communal land - farm property									
Communal land - business and commercial									
Communal land - other									
State-owned properties									
Municipal properties									
Public service infrastructure									
Privately owned towns serviced by the owner									
State trust land									
Restitution and redistribution properties									
Protected areas									
National monuments properties									
Exemptions, reductions and rebates *(Rands)*									
Residential properties									
R15 000 threshold rebate			15 000	15 000	15 000	15 000	15 000	15 000	15 000
General residential rebate									
Indigent rebate or exemption									
Pensioners/social grants rebate or exemption									
Temporary relief rebate or exemption									
Bona fide farmers rebate or exemption									
Other rebates or exemptions	2								
Water tariffs									
Domestic									
Basic charge/fixed fee *(Rands/month)*			108	114	123	130	139	146	153
Service point - vacant land *(Rands/month)*			1 295	1 368	1 476	1 562	1 664	1 755	1 843
Water usage - flat rate tariff *(c/kl)*									
Water usage - life line tariff		from 6.1kl to 39kl	8	9	10	10	11	11	12
Water usage - Block 1 (c/kl)		from 39 - 50kl	14	14	15	16	17	18	19
Water usage - Block 2 (c/kl)		greater than 51kl	15	16	19	20	22	22	24
Water usage - Block 3 (c/kl)		(fill in thresholds)							
Water usage - Block 4 (c/kl)		(fill in thresholds)							
Other	2								
Waste water tariffs									
Domestic									
Basic charge/fixed fee *(Rands/month)*			235	249	269	269	269	269	269
Service point - vacant land *(Rands/month)*			-	-	-	-			
Waste water - flat rate tariff *(c/kl)*									
Volumetric charge - Block 1 (c/kl)		per kl	3	3	3	3	3	4	4
Volumetric charge - Block 2 (c/kl)		(fill in structure)							
Volumetric charge - Block 3 (c/kl)		(fill in structure)							
Volumetric charge - Block 4 (c/kl)		(fill in structure)							
Other	2	additional draws requested	374	396	428	451	481	505	530
Electricity tariffs									
Domestic									
Basic charge/fixed fee *(Rands/month)*									
Service point - vacant land *(Rands/month)*									
FBE		(how is this targeted?)							
Life-line tariff - meter		(describe structure)							
Life-line tariff - prepaid		(describe structure)							
Flat rate tariff - meter *(c/kwh)*									
Flat rate tariff - prepaid(c/kwh)									
Meter - IBT Block 1 (c/kwh)		(fill in thresholds)							
Meter - IBT Block 2 (c/kwh)		(fill in thresholds)							
Meter - IBT Block 3 (c/kwh)		(fill in thresholds)							
Meter - IBT Block 4 (c/kwh)		(fill in thresholds)							
Meter - IBT Block 5 (c/kwh)		(fill in thresholds)							
Prepaid - IBT Block 1 (c/kwh)		(fill in thresholds)							
Prepaid - IBT Block 2 (c/kwh)		(fill in thresholds)							
Prepaid - IBT Block 3 (c/kwh)		(fill in thresholds)							
Prepaid - IBT Block 4 (c/kwh)		(fill in thresholds)							
Prepaid - IBT Block 5 (c/kwh)		(fill in thresholds)							
Other	2								
Waste management tariffs									
Domestic									
Street cleaning charge									
Basic charge/fixed fee									
80l bin - once a week									
250l bin - once a week									

References

1. If properties are not rated or zero rated this must be indicated as such

2.Please provide detailed descriptions on Sheet SA13b

DC21 Ugu - Supporting Table SA13b Service Tariffs by category - explanatory

Description	Ref	Provide description of tariff structure where appropriate	2011/12	2012/13	2013/14	Current Year 2014/15	2015/16 Medium Term Revenue & Expenditure Framework		
							Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Exemptions, reductions and rebates *(Rands)*									
[Insert lines as applicable]									
Water tariffs									
Water Basic charge		fixed charge per 1000kls	108	114.26	123.40	130.19	138.65	145.58	152.86
Charge per kl		from 6.1kl to 39kl	8	8.94	9.65	10.19	10.85	11.39	11.96
Charge per kl		from 39 - 50kl	14	14.32	15.46	16.32	17.38	18.25	19.16
Charge per kl		greater than 51kl	15	16.10	19.32	20.38	21.70	22.79	23.93
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
Waste water tariffs									
Sanitaiton basic charge		fixed charge per 1000kls	235.11	249.22	269.16	269.16	269.16	269.16	269.16
charge per kl		per kl	2.59	2.76	3.00	3.17	3.38	3.54	3.72
		(fill in structure)							
		(fill in structure)							
		(fill in structure)							
		(fill in structure)							
conservancy tank draws		additional draws requested	373.81	396.00	427.68	451.20	480.53	504.55	529.78
		(fill in structure)							
		(fill in structure)							
Electricity tariffs									
[Insert blocks as applicable]		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							

DC21 Ugu - Supporting Table SA14 Household bills

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
Rand/cent		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16 % incr.	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy		107.79	114.26	123.40	130.19	130.19	130.19	6.5%	138.65	145.58	152.86
Water: Consumption		252.90	268.20	289.66	305.70	305.70	305.70	6.5%	325.57	341.85	358.94
Sanitation		314.01	332.62	359.23	364.26	364.26	364.26	6.5%	387.94	407.33	427.70
Refuse removal											
Other											
sub-total		674.70	715.08	772.29	800.15	800.15	800.15	6.5%	852.16	894.77	939.51
VAT on Services											
Total large household bill:		674.70	715.08	772.29	800.15	800.15	800.15	6.5%	852.16	894.77	939.51
% increase/-decrease			6.0%	8.0%	3.6%	–	–		6.5%	5.0%	5.0%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy		107.79	114.26	116.41	130.19	130.19	130.19	6.5%	138.65	145.58	152.86
Water: Consumption		210.75	223.50	227.61	254.75	254.75	254.75	6.5%	271.31	284.87	299.12
Sanitation		300.86	318.72	324.93	348.41	348.41	348.41	6.5%	371.06	389.61	409.09
Refuse removal											
Other											
sub-total		619.40	656.48	668.95	733.35	733.35	733.35	6.5%	781.02	820.07	861.07
VAT on Services											
Total small household bill:		619.40	656.48	668.95	733.35	733.35	733.35	6.5%	781.02	820.07	861.07
% increase/-decrease			6.0%	1.9%	9.6%	–	–		6.5%	5.0%	5.0%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy		107.79	114.26	116.41	130.19	130.19	130.19	6.5%	138.65	145.58	152.86
Water: Consumption		118.02	125.16	127.46	163.04	163.04	163.04	6.5%	173.64	182.32	191.44
Sanitation		271.93	288.14	293.68	319.88	319.88	319.88	6.5%	340.67	357.71	375.59
Refuse removal											
Other											
sub-total		497.74	527.56	537.56	613.11	613.11	613.11	6.5%	652.96	685.61	719.89
VAT on Services											
Total small household bill:		497.74	527.56	537.56	613.11	613.11	613.11	6.5%	652.96	685.61	719.89
% increase/-decrease			6.0%	1.9%	14.1%	–	–		6.5%	5.0%	5.0%

References

1. Use as basis property value of R700 000, 1 000 kWh electricity and 30kl water

2. Use as basis property value of R500 000 and R700 000, 500 kWh electricity and 25kl water

3. Use as basis property value of R 300 000, 350kWh electricity and 20kl water (50 kWh electricity and 6 kl water free)

4. Note this is for a SINGLE household.

DC21 Ugu - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		4 940	12 721	8 293	9 077	17 135	17 135	21 901	22 996	24 146
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	**4 940**	**12 721**	**8 293**	**9 077**	**17 135**	**17 135**	**21 901**	**22 996**	**24 146**
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		1 137	4 524		8 314	8 314	8 314	8 730	9 166	9 166
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		**1 137**	**4 524**	**–**	**8 314**	**8 314**	**8 314**	**8 730**	**9 166**	**9 166**
Consolidated total:		**6 077**	**17 246**	**8 293**	**17 391**	**25 449**	**25 449**	**30 631**	**32 162**	**33 312**

References

1. Total investments must reconcile to Budgeted Financial Position ('current' call investment deposits plus 'non-current' investments)

DC21 Ugu - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity Name of institution & investment ID	Ref 1	Period of Investment Yrs/Months	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission Recipient	Expiry date of investment
Parent municipality									
First National Bank		Daily Call	Notice Deposit	no	variable		0	n/a	Daily Call Account
ABSA Bank CALL		3 Months	Notice Deposit	no	variable		0	n/a	Daily Call Account
Ithala Bank		Daily Call	Notice Deposit	no	variable		0	n/a	Daily Call Account
Nedbank		Daily Call	Notice Deposit	no	variable		1	n/a	Daily Call Account
Standard Bank		Daily Call	Notice Deposit	no	variable		2	n/a	Daily Call Account
Municipality sub-total									
Entities									
SCDA			Fixed deposit	no	variable		0	n/a	Fixed
Entities sub-total									
TOTAL INVESTMENTS AND INTEREST	1								

References

1. Total investments must reconcile to all items in Table SA15 for the Current Year (30 June)

2. List investments in expiry date order

DC21 Ugu - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Parent municipality										
Long-Term Loans (annuity/reducing balance)		197 560	181 906	158 796	142 244	142 244	142 244	123 765	106 213	89 542
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases		455	6 939	6 568	7 833	7 833	7 833	7 559	7 294	7 039
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	**198 016**	**188 845**	**165 364**	**150 077**	**150 077**	**150 077**	**131 323**	**113 507**	**96 581**
Entities										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	–	–	–	–	–	–	–	–	–
Total Borrowing	1	**198 016**	**188 845**	**165 364**	**150 077**	**150 077**	**150 077**	**131 323**	**113 507**	**96 581**

Unspent Borrowing - Categorised by type										
Parent municipality										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	–	–	–	–	–	–	–	–	–
Entities										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	–	–	–	–	–	–	–	–	–
Total Unspent Borrowing	1	–	–	–	–	–	–	–	–	–

References

1. Total borrowing must reconcile to Budgeted Financial Position (Borrowing - non-current)

DC21 Ugu - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		342 835	376 719	356 024	327 346	325 846	325 846	376 210	407 152	444 684
Local Government Equitable Share		192 659	202 522	236 862	264 748	264 748	264 748	300 885	332 849	362 786
RSC Levy Replacement		42 329	46 138	50 290	54 816	54 816	54 816	58 891	63 873	68 900
Finance Management		2 236	1 091	1 234	1 250	1 250	1 250	1 325	1 460	1 795
Municipal Systems Improvement		220	907	890	934	934	934	940	960	1 033
Water Services Operating Subsidy		6 671	3 765	589	300	300	300	3 650	5 500	7 500
EPWP Incentive		689	1 079		1 368	1 368	1 368	1 826		
Infrastructure Skills Development Grant				165	1 500	–	–			
Rural Roads Asset Management Grant				2 089	2 430	2 430	2 430	2 446	2 510	2 670
Rural Household Sanitation				4 000						
Municipal Infrastructure Grant (Opex portion)		98 031	121 218	59 905				6 247		
Provincial Government:		7 961	13 135	9 607	9 250	250	250	250	400	–
Sport and Recreation		1 127								
RSC Levy Replacement										
Development Planning Shared Services				1 000	250	250	250	250	400	
Cogta Massification		5 630	13 135	1 959	9 000					
EPWP Incentive				883						
Department of Transport Grant				1 765						
Department of Human Settlements (EPWP)				4 000						
District GDS		1 204								
District Municipality:		–	2 581	2 654	–	4 885	–	5 084	5 338	5 605
Hibiscus Coast Municipality - SCDA						1 600		3 484	3 658	3 841
Other Local Municipalities - Tourism Entity			2 581	2 654		3 285		1 600	1 680	1 764
Other grant providers:		6 399	1 902	1 731	–	–	–	–	–	–
DBSA			880	709						
IDC										
National Lottery		6 399	1 022	1 022						
Total Operating Transfers and Grants	5	357 195	394 337	370 017	336 596	330 981	326 096	381 544	412 890	450 289
Capital Transfers and Grants										
National Government:		162 672	186 461	277 667	307 689	362 888	342 888	354 998	323 072	366 455
Local Government Equitable Share (Capex)								3 000		
Municipal Infrastructure Grant (MIG)		155 045	159 095	215 399	245 189	265 189	245 189	243 069	259 859	275 663
Regional Bulk Infrastructure		7 627		55 740	35 000	65 200	65 200	8 834		
Rural Households Infrastructure									4 500	5 000
Rural Transport Services and Infrastructure										
Municipal Water Infrastructure/Other Grants			26 199	6 468	27 500	27 500	27 500	100 095	58 713	85 792
Municipal Disaster Recovery						4 999	4 999			
Finance Management Grant			174							
Other capital transfers/grants [insert desc]			993							
Provincial Government:		23 167	10 918	19 425	4 060	14 900	4 060	–	–	–
Massification - CoGTA		23 167	9 173	19 425	4 060	4 060	4 060			
Disaster Management centre										
Drought Relief Intervention Programme			1 746			10 840				
District Municipality:		–	2 581	–	–	–	–	–	–	–
Hibiscus Coast Municipality - SCDA			2 581							
Other grant providers:		–	–	120	–	–	–	–	–	–
Kwambonwa WWTW (Masala National Transfers)										
DBSA				120						
Total Capital Transfers and Grants	5	185 839	199 961	297 152	311 749	377 788	346 948	354 998	323 072	366 455
TOTAL RECEIPTS OF TRANSFERS & GRANTS		543 034	594 298	667 169	648 345	708 769	673 044	736 542	735 962	816 744

References

1. Each transfer/grant is listed by name as gazetted together with the name of the transferring department or municipality, donor or other organisation

2. Amounts actually RECEIVED; not revenue recognised (objective is to confirm grants transferred)

3. Replacement of RSC levies

4. Housing subsidies for housing where ownership transferred to organisations or persons outside the control of the municipality

5. Total transfers and grants must reconcile to Budgeted Cash Flows

6. Motor vehicle licensing refunds to be included under 'agency' services (Not Grant Receipts)

DC21 Ugu - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		342 835	376 719	356 024	331 519	330 517	325 846	376 210	407 152	444 684
Local Government Equitable Share		192 659	202 522	236 862	264 748	264 748	264 748	300 885	332 849	362 786
RSC Levy Replacement		42 329	46 138	50 290	54 816	54 816	934	58 891	63 873	68 900
Finance Management		2 236	1 091	1 234	950	1 190	1 250	1 325	1 460	1 795
Municipal Systems Improvement		220	907	890	434	634	1 368	940	960	1 033
Water Services Operating Subsidy		6 671	3 765	589	300	300	300	3 650	5 500	7 500
EPWP Incentive		689	1 079		1 368	1 368	54 816	1 826		
Infrastructure Skills Development Grant				165	1 500	–	2 430			
Rural Roads Asset Management Grant				2 089	2 430	2 430		2 446	2 510	2 670
Rural Household Sanitation				4 000						
Municipal Infrastructure Grant (Opex portion)		98 031	121 218	59 905	4 973	5 031		6 247		
Provincial Government:		7 961	15 717	9 607	9 250	250	250	250	400	–
Sport and Recreation		1 127								
RSC Levy Replacement										
Development Planning Shared Services				1 000	250	250	250			
Cogta Massification		5 630	15 717	1 959	9 000					
EPWP Incentive				883						
Department of Transport Grant				1 765				250	400	
Department of Human Settlements (EPWP)				4 000						
District GDS		1 204								
District Municipality:		–	2 581	2 654	–	4 885	–	5 084	5 338	5 605
Hibiscus Coast Municipality - SCDA						1 600		3 484	3 658	3 841
Other Local Municipalities - Tourism Entity			2 581	2 654		3 285		1 600	1 680	1 764
Other grant providers:		6 399	1 902	1 731	–	–	–	–	–	–
DBSA			880	709						
IDC										
National Lottery		6 399	1 022	1 022						
Total operating expenditure of Transfers and Grants:		357 195	396 919	370 017	340 769	335 652	326 096	381 544	412 890	450 289
Capital expenditure of Transfers and Grants										
National Government:		162 672	186 461	277 607	303 516	358 218	342 888	351 998	323 072	366 455
Municipal Infrastructure Grant (MIG)		155 045	159 095	215 399	240 216	260 159	245 189	243 069	259 859	275 663
Regional Bulk Infrastructure		7 627		55 740	35 000	65 200	65 200	8 834		
Rural Households Infrastructure									4 500	5 000
Rural Transport Services and Infrastructure										
Municipal Water Infrastructure/Other Grants			26 199	6 468	27 500	27 500	27 500	100 095	58 713	85 792
Municipal Disaster Recovery						4 999	4 999			
Finance Management Grant			174		300	60				
Other capital transfers/grants [insert desc]			993							
Municipal Systems Improvement					500	300				
Provincial Government:		23 167	10 918	19 425	4 060	14 900	4 060	3 000	–	–
Massification - CoGTA		23 167	9 173	19 425	4 060	4 060	4 060			
Disaster Management centre			1 746					3 000		
Dought Relief Intervention programme						10 840				
District Municipality:		–	–	–	–	–	–	–	–	–
Hibiscus Coast Municipality - SCDA										
Other Local Municipalities - Tourism Entity										
Other grant providers:		–	–	120	–	–	–	–	–	–
Kwambonwa WWTW (Masala National Transfers)				120						
DBSA										
Total capital expenditure of Transfers and Grants		185 839	197 380	297 152	307 576	373 118	346 948	354 998	323 072	366 455
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		543 034	594 298	667 169	648 345	708 770	673 044	736 542	735 962	816 744

References

1. Expenditure must be separately listed for each transfer or grant received or recognised

DC21 Ugu - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		11 913	3 724	4 044		516	516	8 427		
Current year receipts		265 509	302 243	216 392	327 346	335 568	325 846	369 620	403 642	440 999
Conditions met - transferred to revenue		273 698	301 924	204 341	327 346	336 084	319 037	378 047	396 812	417 073
Conditions still to be met - transferred to liabilities		3 724	4 044	16 095			7 325		6 830	23 926
Provincial Government:										
Balance unspent at beginning of the year		20 392	12 198	19 328		1 518	1 518			
Current year receipts		6 970	21 347	17 412	9 250	250	250	250	400	
Conditions met - transferred to revenue		15 164	14 217	24 475	9 250	1 768	1 768	250	400	–
Conditions still to be met - transferred to liabilities		12 198	19 328	12 265						
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year		2 741	2 763	1 806		3 096	3 096			
Current year receipts		1 007	947	–		–	–			
Conditions met - transferred to revenue		985	1 904	752	–	3 096	3 096	–	–	–
Conditions still to be met - transferred to liabilities		2 763	1 806	1 054						
Total operating transfers and grants revenue		289 847	318 044	229 567	336 596	340 948	323 900	378 297	397 212	417 073
Total operating transfers and grants - CTBM	2	18 685	25 178	29 414	–	–	7 325	–	6 830	23 926
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		17 869	10 328	17 098		16 762	16 762		49 676	24 931
Current year receipts		177 006	201 496	216 519	307 689	353 920	344 304	354 998	323 072	366 455
Conditions met - transferred to revenue		184 547	194 726	209 475	307 689	370 682	361 066	354 998	372 748	391 386
Conditions still to be met - transferred to liabilities		10 328	17 098	24 143						
Provincial Government:										
Balance unspent at beginning of the year		30 588	33 711	64 846		23 538	23 538			
Current year receipts		4 647	14 231	29 673	4 060	14 900	4 060			
Conditions met - transferred to revenue		1 524	(16 904)	76 121	4 060	38 438	27 598	–	–	–
Conditions still to be met - transferred to liabilities		33 711	64 846	18 398						
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year		4 111	7 701	10 983						
Current year receipts		672	631	–						
Conditions met - transferred to revenue		(2 919)	(2 651)	9 402	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		7 701	10 983	1 581						
Total capital transfers and grants revenue		183 152	175 171	294 998	311 749	409 121	388 665	354 998	372 748	391 386
Total capital transfers and grants - CTBM	2	51 741	92 928	44 122	–	–	–	–	–	–
TOTAL TRANSFERS AND GRANTS REVENUE		472 999	493 216	524 565	648 345	750 068	712 565	733 296	769 960	808 458
TOTAL TRANSFERS AND GRANTS - CTBM		70 426	118 105	73 536	–	–	7 325	–	6 830	23 926

References

1. Total capital transfers and grants revenue must reconcile to Budgeted Financial Performance and Financial Position; total recurrent grants revenue must reconcile to Budgeted Financial Performance

2. CTBM = conditions to be met

3. National Treasury database will require this reconciliation for each transfer/grant

DC21 Ugu - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Cash Transfers to other municipalities											
Fire fighting contribution to LMs	1	967		3 448	3 520	2 820	2 679	2 679	-	-	-
Total Cash Transfers To Municipalities:		967	-	3 448	3 520	2 820	2 679	2 679	-	-	-
Cash Transfers to Entities/Other External Mechanisms											
Ugu South Coast Tourism Entity	2	9 450	9 730		11 044						
Ugu Development Agency					5 000						
Total Cash Transfers To Entities/Ems'		9 450	9 730	-	16 044	-	-	-	-	-	-
Cash Transfers to other Organs of State	3										
Total Cash Transfers To Other Organs Of State:		-	-	-	-	-	-	-	-	-	-
Cash Transfers to Organisations											
Total Cash Transfers To Organisations		-	-	-	-	-	-	-	-	-	-
Cash Transfers to Groups of Individuals											
Total Cash Transfers To Groups Of Individuals:		-	-	-	-	-	-	-	-	-	-
TOTAL CASH TRANSFERS AND GRANTS	6	10 417	9 730	3 448	19 564	2 820	2 679	2 679	-	-	-
Non-Cash Transfers to other municipalities											
Insert description	1										
Total Non-Cash Transfers To Municipalities:		-	-	-	-	-	-	-	-	-	-
Non-Cash Transfers to Entities/Other External Mechanisms											
VIP Toilets		66 376	92 293	31 004	3 747	13 780	12 289	13 091	2 422	2 544	2 671
Disaster Management		-	-	641	2 021	1 103	1 047	1 047	1 536	1 613	1 694
Corridor Development				8	9 000	-	-	-	-	-	-
KWALEMBE REGIONAL BULK WATER SUPPLY SCHEME				-	1 500	-	-	-	-	-	-
RURAL TRANSPORT SERVICES GRANT				1 438	2 430	2 944	2 797	2 797	2 446	2 568	2 697
PUBLIC WORKS: EXPANDED PROGRAMME				-	1 368	1 368	1 300	1 300	1 826	1 917	2 013
DROUGHT RELIEF				2 267	4 000	4 000	3 800	3 800	4 591	4 821	5 062
RESPONSE AND RECOVERY				191	1 250	1 747	1 660	1 660	2 200	2 310	2 426
Other grant expenditure		32 079	37 989	16 789	3 112	9 044	8 592	8 592	25 405	26 675	28 009
Local Economic Development	4 2	331	623	381	1 000	600	570	570	2 228	2 340	2 457
Total Non-Cash Transfers To Entities/Ems'		98 786	130 905	52 719	29 427	34 586	32 055	32 857	42 655	44 788	47 027
Non-Cash Transfers to other Organs of State											
Insert description	3										
Total Non-Cash Transfers To Other Organs Of State:		-	-	-	-	-	-	-	-	-	-
Non-Cash Grants to Organisations											
Insert description	4										
Total Non-Cash Grants To Organisations		-	-	-	-	-	-	-	-	-	-
Groups of Individuals											
Indigent Support	5	17 383	16 900	19 920	22 274	21 288	20 224	20 224	18 828	19 769	20 758
Free Basic Standpipes		31 025	32 887	35 645	36 694	36 694	34 859	34 859	33 707	35 393	37 162
Total Non-Cash Grants To Groups Of Individuals:		48 408	49 787	55 566	58 967	57 982	55 083	55 083	52 535	55 162	57 920
TOTAL NON-CASH TRANSFERS AND GRANTS		147 193	180 692	108 285	88 395	92 568	87 138	87 940	95 190	99 949	104 947
TOTAL TRANSFERS AND GRANTS	6	157 610	190 422	111 733	107 959	95 389	89 817	90 619	95 190	99 949	104 947

References

1. Insert description listed by municipal name and demarcation code of recipient

2. Insert description of each entity or external mechanism (an external mechanism may be provided with resources to ensure a minimum level of service)

3. Insert description of each Organ of State (e.g. transfer to electricity provider to compensate for FBS provided)

4. Insert description of each other organisation (e.g. charity)

5 Insert description of each other organisation (e.g. the aged, child-headed households)

6. All descriptions should separate transfers for 'capital purposes' and 'operating purposes'

DC21 Ugu - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		3 346	3 605	3 547	5 469	5 821	5 530	4 741	4 978	5 227
Pension and UIF Contributions		247	239	249	239	254	241	266	280	294
Medical Aid Contributions		126	154	172	174	184	175	190	199	209
Motor Vehicle Allowance		1 891	2 217	2 049	2 191	2 322	2 206	2 250	2 363	2 481
Cellphone Allowance		213	232	297	323	343	326	325	341	358
Housing Allowances		1 165	1 333	1 411	1 769	1 875	1 782	1 571	1 649	1 732
Other benefits and allowances		58	67	67	89	95	90	74	78	82
Sub Total - Councillors		7 046	7 849	7 784	10 254	10 893	10 349	9 417	9 888	10 382
% increase	4		11.4%	(0.8%)	31.7%	6.2%	(5.0%)	(9.0%)	5.0%	5.0%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		4 124	3 174	2 665	4 137	4 344	4 127	3 772	3 960	4 158
Pension and UIF Contributions			94	152	152	160	152	301	316	332
Medical Aid Contributions			34	67	63	66	63	137	144	151
Overtime						-			-	-
Performance Bonus						-			-	-
Motor Vehicle Allowance	3	1 593	1 411	859	1 353	1 421	1 350	1 430	1 502	1 577
Cellphone Allowance	3		8		45	47	45	88	92	97
Housing Allowances	3	334	514	160	180	189	180	727	764	802
Other benefits and allowances	3	275	197	75	84	88	84	57	60	63
Payments in lieu of leave		607	794			-			-	-
Long service awards						-			-	-
Post-retirement benefit obligations	6					-			-	-
Sub Total - Senior Managers of Municipality		6 934	6 227	3 999	6 015	6 315	6 000	6 513	6 839	7 181
% increase	4		(10.2%)	(35.8%)	50.4%	5.0%	(5.0%)	8.6%	5.0%	5.0%
Other Municipal Staff										
Basic Salaries and Wages		127 510	130 472	147 324	150 615	162 796	154 656	176 388	185 207	194 468
Pension and UIF Contributions		20 632	24 005	25 260	27 105	27 391	26 011	26 419	27 740	29 127
Medical Aid Contributions		8 073	9 077	10 221	11 827	12 000	11 400	16 600	17 430	18 302
Overtime		22 192	28 678	20 811	11 280	17 850	16 957	21 065	22 118	23 224
Performance Bonus		10 690	11 093	-	12 368	-	-	-	-	-
Motor Vehicle Allowance	3	12 505	12 474	10 924	9 988	10 189	9 679	9 500	9 975	10 473
Cellphone Allowance	3	431	396	909	874	900	855	1 265	1 329	1 395
Housing Allowances	3	634	623	865	869	860	817	902	947	994
Other benefits and allowances	3	11 182	18 410	15 573	10 569	10 809	10 268	14 858	15 601	16 381
Payments in lieu of leave		3 451	(794)	-	5 833	5 833	5 541	6 065	6 370	6 688
Long service awards		1 642	302	3 296	1 325	1 325	1 259	1 418	1 489	1 563
Post-retirement benefit obligations	6		3 270	3 106	794	794	754	896	940	987
Sub Total - Other Municipal Staff		219 142	238 006	238 289	243 457	259 735	238 198	275 376	289 145	303 603
% increase	4		8.6%	0.1%	2.2%	3.0%	(5.0%)	15.6%	5.0%	5.0%
Total Parent Municipality		233 122	252 082	250 071	259 726	287 944	254 547	291 306	305 872	321 165
			8.1%	(0.8%)	3.9%	3.2%	(5.0%)	14.4%	5.0%	5.0%
Board Members of Entities										
Basic Salaries and Wages		108				-	-	25	26	28
Pension and UIF Contributions						-	-		-	-
Medical Aid Contributions						-	-		-	-
Overtime				-		-	-		-	-
Performance Bonus						-	-		-	-
Motor Vehicle Allowance	3				48	23	21		-	-
Cellphone Allowance	3					-	-		-	-
Housing Allowances	3					-	-		-	-
Other benefits and allowances	3			2	2	1	1	2	2	2
Board Fees				154	164	441	419	472	496	520
Payments in lieu of leave						-	-		-	-
Long service awards						-	-		-	-
Post-retirement benefit obligations	6					-	-		-	-
Sub Total - Board Members of Entities		108	-	155	213	465	442	499	524	550
% increase	4		(100.0%)	-	37.1%	118.2%	(5.0%)	13.0%	5.0%	5.0%
Senior Managers of Entities										
Basic Salaries and Wages		1 762	1 684	1 613	1 762	3 541	3 364	3 707	3 892	4 087
Pension and UIF Contributions						-	-		-	-
Medical Aid Contributions						-	-		-	-
Overtime						-	-		-	-
Performance Bonus		168	161	117		128	121	136	143	150
Motor Vehicle Allowance	3					-	-		-	-
Cellphone Allowance	3	54	49	46	49	37	35	33	35	37
Housing Allowances	3				-	-	-	19	19	20
Other benefits and allowances	3	24	24	141	165	69	65		-	-
Payments in lieu of leave					24	-	-		-	-
Long service awards						-	-		-	-
Post-retirement benefit obligations	6					-	-		-	-
Sub Total - Senior Managers of Entities		2 028	1 918	1 917	2 000	3 775	3 586	3 895	4 090	4 294
% increase	4		(5.4%)	(0.0%)	4.3%	88.8%	(5.0%)	8.6%	5.0%	5.0%
Other Staff of Entities										
Basic Salaries and Wages		1 101	1 045	1 415	2 330	3 235	3 073	3 525	3 701	3 886
Pension and UIF Contributions		51	40	56	112	114	109	123	129	135
Medical Aid Contributions		152	145	129	244	266	253	287	301	316
Overtime		25	127	167	-	217	206	327	343	360
Performance Bonus				85	11	155	147	182	191	201
Motor Vehicle Allowance	3				28	-	-		-	-
Cellphone Allowance	3				219	11	10	16	16	17
Housing Allowances	3	16	17	19	156	30	29	33	34	35
Other benefits and allowances	3	164	86	31	45	42	40	48	50	53
Payments in lieu of leave					-	-	-		-	-
Long service awards						-	-		-	-
Post-retirement benefit obligations	6					-	-		-	-
Sub Total - Other Staff of Entities		1 509	1 461	1 902	3 145	4 070	3 867	4 539	4 766	5 005
% increase	4		(3.2%)	30.2%	65.3%	29.4%	(5.0%)	17.4%	5.0%	5.0%
Total Municipal Entities		3 645	3 379	3 975	5 357	8 310	7 895	8 934	9 380	9 849
TOTAL SALARY, ALLOWANCES & BENEFITS		236 767	255 460	254 046	265 083	276 254	262 441	300 240	315 252	331 015
% increase	4		7.9%	(0.6%)	4.3%	4.2%	(5.0%)	14.4%	5.0%	5.0%
TOTAL MANAGERS AND STAFF	5,7	229 613	247 612	246 106	254 515	264 896	251 651	290 324	304 840	320 032

References

1. Include 'Loans and advances' where applicable if any reportable amounts until phased compliance with s164 of MFMA achieved

2. s57 of the Systems Act

3. In kind benefits (e.g. provision of living quarters) must be shown as the cost (full market value) to the municipality, as part of the relevant allowance

4. B/A, C/B, D/C, E/C, F/C, G/D, H/D, I/D

5. Must agree to the sub-total appearing on Table A1 (Employee costs)

6. Includes pension payments and employer contributions to medical aid

7. Correct as at 30 June

Column Definitions:

A, B and C. Audited actual as per the audited financial statements. If audited amounts are unavailable, unaudited amounts must be provided with a note stating these are unaudited

D. The original budget approved by council for the budget year.

E. The budget for the budget year as adjusted by council resolution in terms of section 28 of the MFMA.

F. An estimate of final actual amounts (pre audit) for the current year at the point in time of preparing the budget for the budget year. This may differ from E.

G. The amount to be appropriated for the budget year.

H and I. The indicative projection

DC21 Ugu - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1. Rand per annum	Ref	No.	Salary	Contributions 1.	Allowances	Performance Bonuses	In-kind benefits	Total Package 2.
Councillors	3							
Speaker	4	1	288 175	68 458	442 238			798 871
Chief Whip								–
Executive Mayor		1	381 821	76 160	538 714			996 695
Deputy Executive Mayor		1	291 125	71 133	702 617			1 064 875
Executive Committee		5	1 296 881	74 033	1 280 628			2 651 542
Total for all other councillors		32	1 605 499	240 209	2 059 428			3 905 136
Total Councillors	8	40	3 863 501	529 993	5 023 625			9 417 119
Senior Managers of the Municipality	5							
Municipal Manager (MM)		1	1 044 682	233 436	245 344			1 523 462
Chief Finance Officer		1	613 506	236 147	283 218			1 132 871
General Mnanager- Corporate Services		1	528 933	21 471	582 466			1 132 871
General Mnanager- Infrastructure & Economic Development		1	849 653	–	283 218			1 132 871
General Mnanager- Water Service		1	613 506	236 147	283 218			1 132 871
								–
List of each offical with packages >= senior manager								
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
Total Senior Managers of the Municipality	8,10	5	3 650 281	727 201	1 677 464	–		6 054 945
A Heading for Each Entity	6,7							
List each member of board by designation								
UGU SOUTH COAST TOURISM								–
Board Members			164	2	48			213 038
Senior Managers of Entities		2	1 762	24	49	165		1 999 981
								–
SOUTH COAST DEVELOPMENT AGENCY								–
Board Members			265					265 000
Senior Managers of Entities		2	2 286					2 286 375
								–
								–
								–
								–
								–
								–
								–
								–
								–
Total for municipal entities	8,10	4	4 477 065	25 733	96 164	165 432		4 764 394
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	49	11 990 847	1 282 927	6 797 253	165 432		20 236 458

References

1. Pension and medical aid

2. Total package must equal the total cost to the municipality

3. List each political office bearer by designation. Provide a total for all other councillors

4. Political office bearer is defined in MFMA s 1: speaker, executive mayor, deputy executive mayor, member of executive committee, mayor, deputy mayor, member of mayoral committee, the councillor designated to exercise powers and duties of mayor (MSA s 57)

5. Also list each senior manager reporting to MM by designation and each official with package >= senior manager by designation

6. List each entity where municipality has an interest and state percentage ownership and control

7. List each senior manager reporting to the CEO of an Entity by designation

8. Must reconcile to relevant section of Table SA24

9. Must reconcile to totals shown for the budget year of Table SA22

10. Correct as at 30 June

DC21 Ugu - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2013/14			Current Year 2014/15			Budget Year 2015/16		
Number	1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		49		48	40		40	40	8	32
Board Members of municipal entities	4	14		13	6		6	19		17
Municipal employees	5									
Municipal Manager and Senior Managers	3	11	2	8	12	5	7	10	5	5
Other Managers	7	21	20	1	28	27	1	20	19	1
Professionals		*79*	*70*	*9*	*78*	*65*	*13*	*66*	*56*	*10*
Finance		28	23	5	27	14	13	19	11	8
Spatial/town planning					-	-				
Information Technology		5	5	-	8	8		10	8	2
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other		46	42	4	43	43		37	37	
Technicians		*577*	*553*	*24*	*625*	*607*	*18*	*597*	*576*	*21*
Finance										
Spatial/town planning										
Information Technology		3	3		3	3		2	2	
Roads										
Electricity		25	25		79	79		75	74	1
Water		332	316	16	326	308	18	310	290	20
Sanitation		166	163	3	154	154	-	147	147	
Refuse										
Other		51	46	5	63	63	-	63	63	
Clerks (Clerical and administrative)		154	136	16	175	175	23	105	105	
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators		63	62	1	72	72	-	62	62	
Elementary Occupations										
TOTAL PERSONNEL NUMBERS	9	968	843	120	1 036	951	108	919	831	86
% increase					7.0%	12.8%	(10.0%)	(11.3%)	(12.6%)	(20.4%)
Total municipal employees headcount	6, 10									
Finance personnel headcount	8, 10	121	119	2	121	112	9	112	110	2
Human Resources personnel headcount	8, 10	15	15		20	18	2	21	20	1

References

1. Positions must be funded and aligned to the municipality's current organisational structure

2. Full Time Equivalent (FTE). E.g. One full time person = 1FTE. A person working half time (say 4 hours out of 8) = 0.5FTE.

3. s57 of the Systems Act

4. Include only in Consolidated Statements

5. Include municipal entity employees in Consolidated Statements

6. Include headcount (number fo persons, Not FTE) of managers and staff only (exclude councillors)

7. Managers who provide the direction of a critical technical function

8. Total number of employees working on these functions

DC21 Ugu - Supporting Table SA25 Consolidated budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source																
Property rates													-	-	-	-
Property rates - penalties & collection charges													-	-	-	-
Service charges - electricity revenue													-	-	-	-
Service charges - water revenue		24 408	24 408	24 408	24 408	24 408	24 408	24 408	24 408	24 408	24 408	24 408	32 267	300 751	315 789	331 578
Service charges - sanitation revenue		8 919	8 919	8 919	8 919	8 919	8 919	8 919	8 919	8 919	8 919	8 919	9 000	107 110	112 465	118 089
Service charges - refuse revenue													-	-	-	-
Service charges - other													-	-	-	-
Rental of facilities and equipment		123	123	123	123	123	123	123	123	123	123	123	127	1 485	1 559	1 637
Interest earned - external investments		459	459	459	459	459	459	459	459	459	459	459	459	5 506	5 781	6 070
Interest earned - outstanding debtors		300	300	300	300	300	300	300	300	300	300	300	300	3 597	3 776	3 965
Dividends received													-	-	-	-
Fines													-	-	-	-
Licences and permits													-	-	-	-
Agency services													-	-	-	-
Transfers recognised - operational		31 782	31 782	31 782	31 782	31 782	31 782	31 782	31 782	31 782	31 782	31 782	31 936	381 544	400 621	420 652
Other revenue		655	655	655	655	655	655	655	655	655	655	655	657	7 862	8 255	8 668
Gains on disposal of PPE													-	-	-	-
Total Revenue (excluding capital transfers and contribution		**66 646**	**66 646**	**66 646**	**66 646**	**66 646**	**66 646**	**66 646**	**66 646**	**66 646**	**66 646**	**66 646**	**74 746**	**807 854**	**848 246**	**890 659**
Expenditure By Type																
Employee related costs		23 777	23 777	23 777	23 777	23 777	23 777	23 777	23 777	23 777	23 777	23 777	28 777	290 324	304 840	320 082
Remuneration of councillors		826	826	826	826	826	826	826	826	826	826	826	826	9 916	10 412	10 933
Debt impairment		1 923	1 923	1 923	1 923	1 923	1 923	1 923	1 923	1 923	1 923	1 923	1 923	23 072	24 225	25 436
Depreciation & asset impairment		5 857	5 857	5 857	5 857	5 857	5 857	5 857	5 857	5 857	5 857	5 857	5 857	70 285	73 799	77 489
Finance charges		1 579	1 579	1 579	1 579	1 579	1 579	1 579	1 579	1 579	1 579	1 579	1 579	18 952	19 900	20 895
Bulk purchases		5 771	5 771	5 771	5 771	5 771	5 771	5 771	5 771	5 771	5 771	5 771	5 771	69 255	72 718	76 354
Other materials		756	756	756	756	756	756	756	756	756	756	756	756	9 067	9 520	9 996
Contracted services		1 772	1 772	1 772	1 772	1 772	1 772	1 772	1 772	1 772	1 772	1 772	2 841	22 337	23 454	24 627
Transfers and grants		7 904	7 904	7 904	7 904	7 904	7 904	7 904	7 904	7 904	7 904	7 904	8 244	95 190	99 949	104 947
Other expenditure		16 241	16 241	16 241	16 241	16 241	16 241	16 241	16 241	16 241	16 241	16 241	17 544	196 191	206 000	216 300
Loss on disposal of PPE													-	-	-	-
Total Expenditure		**66 406**	**66 406**	**66 406**	**66 406**	**66 406**	**66 406**	**66 406**	**66 406**	**66 406**	**66 406**	**66 406**	**74 118**	**804 588**	**844 818**	**887 059**
Surplus/(Deficit)		**240**	**240**	**240**	**240**	**240**	**240**	**240**	**240**	**240**	**240**	**240**	**628**	**3 265**	**3 429**	**3 600**
Transfers recognised - capital		29 640	29 640	29 640	29 640	29 640	29 640	29 640	29 640	29 640	29 640	29 640	28 960	354 998	372 748	391 386
Contributions recognised - capital													-	-	-	-
Contributed assets													-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		**29 880**	**29 880**	**29 880**	**29 880**	**29 880**	**29 880**	**29 880**	**29 880**	**29 880**	**29 880**	**29 880**	**29 588**	**358 264**	**376 177**	**394 986**
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	**29 880**	**29 880**	**29 880**	**29 880**	**29 880**	**29 880**	**29 880**	**29 880**	**29 880**	**29 880**	**29 880**	**29 588**	**358 264**	**376 177**	**394 986**

References

1. Surplus (Deficit) must reconcile with Budgeted Financial Performance

DC21 Ugu - Supporting Table SA26 Consolidated budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue by Vote																
Vote 1 - EXECUTIVE & COUNCIL		152	152	152	152	152	152	152	152	152	152	152	402	2 076	2 180	2 289
Vote 2 - FINANCE & ADMINISTRATION		13 229	13 229	13 229	13 229	13 229	13 229	13 229	13 229	13 229	13 229	13 229	13 229	158 744	166 681	175 015
Vote 3 - INFRASTRUCTURE & ECONOMIC DEVELOPMEN		2 759	2 759	2 759	2 759	2 759	2 759	2 759	2 759	2 759	2 759	2 759	2 663	33 015	34 666	36 399
Vote 4 - WATER		69 221	69 221	69 221	69 221	69 221	69 221	69 221	69 221	69 221	69 221	69 221	69 221	830 652	872 185	915 794
Vote 5 - WASTE WATER MANAGEMENT		9 488	9 488	9 488	9 488	9 488	9 488	9 488	9 488	9 488	9 488	9 488	9 488	113 856	119 549	125 527
Vote 6 - PUBLIC SAFETY		563	563	563	563	563	563	563	563	563	563	563	563	6 762	7 100	7 455
Vote 7 - ENVIRONMENTAL PROTECTION		1 414	1 414	1 414	1 414	1 414	1 414	1 414	1 414	1 414	1 414	1 414	1 414	16 967	17 815	18 706
Vote 8 - OTHER: MARKET		50	50	50	50	50	50	50	50	50	50	50	50	600	630	662
Vote 9 - SPORTS & RECREATION		15	15	15	15	15	15	15	15	15	15	15	15	180	189	198
Vote 10 - [NAME OF VOTE 10]													–	–	–	–
Vote 11 - [NAME OF VOTE 11]													–	–	–	–
Vote 12 - [NAME OF VOTE 12]													–	–	–	–
Vote 13 - [NAME OF VOTE 13]													–	–	–	–
Vote 14 - [NAME OF VOTE 14]													–	–	–	–
Vote 15 - [NAME OF VOTE 15]													–	–	–	–
Total Revenue by Vote		96 892	96 892	96 892	96 892	96 892	96 892	96 892	96 892	96 892	96 892	96 892	97 045	1 162 852	1 220 995	1 282 044
Expenditure by Vote to be appropriated																
Vote 1 - EXECUTIVE & COUNCIL		3 661	3 661	3 661	3 661	3 661	3 661	3 661	3 661	3 661	3 661	3 661	11 167	51 441	54 013	56 713
Vote 2 - FINANCE & ADMINISTRATION		8 498	8 498	8 498	8 498	8 498	8 498	8 498	8 498	8 498	8 498	8 498	16 800	110 281	115 795	121 585
Vote 3 - INFRASTRUCTURE & ECONOMIC DEVELOPMEN		3 969	3 969	3 969	3 969	3 969	3 969	3 969	3 969	3 969	3 969	3 969	3 969	47 624	50 005	52 505
Vote 4 - WATER		41 147	41 147	41 147	41 147	41 147	41 147	41 147	41 147	41 147	41 147	41 147	33 051	485 665	509 948	535 446
Vote 5 - WASTE WATER MANAGEMENT		7 295	7 295	7 295	7 295	7 295	7 295	7 295	7 295	7 295	7 295	7 295	7 295	87 542	91 920	96 515
Vote 6 - PUBLIC SAFETY		311	311	311	311	311	311	311	311	311	311	311	311	3 736	3 923	4 119
Vote 7 - ENVIRONMENTAL PROTECTION		1 439	1 439	1 439	1 439	1 439	1 439	1 439	1 439	1 439	1 439	1 439	1 439	17 267	18 130	19 036
Vote 8 - OTHER: MARKET		86	86	86	86	86	86	86	86	86	86	86	86	1 032	1 084	1 138
Vote 9 - SPORTS & RECREATION													–	–	–	–
Vote 10 - [NAME OF VOTE 10]													–	–	–	–
Vote 11 - [NAME OF VOTE 11]													–	–	–	–
Vote 12 - [NAME OF VOTE 12]													–	–	–	–
Vote 13 - [NAME OF VOTE 13]													–	–	–	–
Vote 14 - [NAME OF VOTE 14]													–	–	–	–
Vote 15 - [NAME OF VOTE 15]													–	–	–	–
Total Expenditure by Vote		66 406	66 406	66 406	66 406	66 406	66 406	66 406	66 406	66 406	66 406	66 406	74 118	804 588	844 818	887 059
Surplus/(Deficit) before assoc.		30 485	30 485	30 485	30 485	30 485	30 485	30 485	30 485	30 485	30 485	30 485	22 927	358 264	376 177	394 986
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	30 485	30 485	30 485	30 485	30 485	30 485	30 485	30 485	30 485	30 485	30 485	22 927	358 264	376 177	394 986

References

1. Surplus (Deficit) must reconcile with Budgeted Financial Performance

DC21 Ugu - Supporting Table SA27 Consolidated budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue - Standard																
Governance and administration		13 381	13 381	13 381	13 381	13 381	13 381	13 381	13 381	13 381	13 381	13 381	13 631	160 820	168 861	177 304
Executive and council		152	152	152	152	152	152	152	152	152	152	152	402	2 076	2 180	2 289
Budget and treasury office		13 150	13 150	13 150	13 150	13 150	13 150	13 150	13 150	13 150	13 150	13 150	13 150	157 796	165 686	173 971
Corporate services		79	79	79	79	79	79	79	79	79	79	79	79	948	995	1 045
Community and public safety		578	578	578	578	578	578	578	578	578	578	578	578	6 942	7 289	7 653
Community and social services													–	–	–	–
Sport and recreation		15	15	15	15	15	15	15	15	15	15	15	15	180	189	198
Public safety		563	563	563	563	563	563	563	563	563	563	563	563	6 762	7 100	7 455
Housing													–	–	–	–
Health													–	–	–	–
Economic and environmental services		4 173	4 173	4 173	4 173	4 173	4 173	4 173	4 173	4 173	4 173	4 173	4 077	49 982	52 481	55 105
Planning and development		2 759	2 759	2 759	2 759	2 759	2 759	2 759	2 759	2 759	2 759	2 759	2 663	33 015	34 666	36 399
Road transport													–	–	–	–
Environmental protection		1 414	1 414	1 414	1 414	1 414	1 414	1 414	1 414	1 414	1 414	1 414	1 414	16 967	17 815	18 706
Trading services		78 709	78 709	78 709	78 709	78 709	78 709	78 709	78 709	78 709	78 709	78 709	78 709	944 509	991 734	1 041 321
Electricity													–	–	–	–
Water		69 221	69 221	69 221	69 221	69 221	69 221	69 221	69 221	69 221	69 221	69 221	69 221	830 652	889 873	934 367
Waste water management		9 488	9 488	9 488	9 488	9 488	9 488	9 488	9 488	9 488	9 488	9 488	9 488	113 856	101 861	106 954
Waste management													–	–	–	–
Other		50	50	50	50	50	50	50	50	50	50	50	50	600	630	662
Total Revenue - Standard		96 892	96 892	96 892	96 892	96 892	96 892	96 892	96 892	96 892	96 892	96 892	97 045	1 162 852	1 220 995	1 282 044
Expenditure - Standard																
Governance and administration		12 160	12 160	12 160	12 160	12 160	12 160	12 160	12 160	12 160	12 160	12 160	27 967	161 722	169 808	178 298
Executive and council		3 661	3 661	3 661	3 661	3 661	3 661	3 661	3 661	3 661	3 661	3 661	11 167	51 441	54 013	56 713
Budget and treasury office		2 508	2 508	2 508	2 508	2 508	2 508	2 508	2 508	2 508	2 508	2 508	2 728	30 315	31 831	33 423
Corporate services		5 990	5 990	5 990	5 990	5 990	5 990	5 990	5 990	5 990	5 990	5 990	14 072	79 966	83 964	88 162
Community and public safety		311	311	311	311	311	311	311	311	311	311	311	311	3 736	3 923	4 119
Community and social services													–	–	–	–
Sport and recreation													–	–	–	–
Public safety		311	311	311	311	311	311	311	311	311	311	311	311	3 736	3 923	4 119
Housing													–	–	–	–
Health													–	–	–	–
Economic and environmental services		5 408	5 408	5 408	5 408	5 408	5 408	5 408	5 408	5 408	5 408	5 408	5 408	64 891	68 135	71 542
Planning and development		3 969	3 969	3 969	3 969	3 969	3 969	3 969	3 969	3 969	3 969	3 969	3 969	47 624	50 005	52 505
Road transport													–	–	–	–
Environmental protection		1 439	1 439	1 439	1 439	1 439	1 439	1 439	1 439	1 439	1 439	1 439	1 439	17 267	18 130	19 036
Trading services		48 442	48 442	48 442	48 442	48 442	48 442	48 442	48 442	48 442	48 442	48 442	40 346	573 207	601 868	631 961
Electricity													–	–	–	–
Water		41 147	41 147	41 147	41 147	41 147	41 147	41 147	41 147	41 147	41 147	41 147	33 051	485 665	509 948	535 446
Waste water management		7 295	7 295	7 295	7 295	7 295	7 295	7 295	7 295	7 295	7 295	7 295	7 295	87 542	91 920	96 515
Waste management													–	–	–	–
Other		86	86	86	86	86	86	86	86	86	86	86	86	1 032	1 084	1 138
Total Expenditure - Standard		66 406	66 406	66 406	66 406	66 406	66 406	66 406	66 406	66 406	66 406	66 406	74 118	804 588	844 818	887 059
Surplus/(Deficit) before assoc.		30 485	30 485	30 485	30 485	30 485	30 485	30 485	30 485	30 485	30 485	30 485	22 927	358 264	376 177	394 986
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	30 485	30 485	30 485	30 485	30 485	30 485	30 485	30 485	30 485	30 485	30 485	22 927	358 264	376 177	394 986

References

1. Surplus (Deficit) must reconcile with Budeted Financial Performance

DC21 Ugu - Supporting Table SA28 Consolidated budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Multi-year expenditure *to be appropriated*	1															
Vote 1 - EXECUTIVE & COUNCIL													–	–	–	–
Vote 2 - FINANCE & ADMINISTRATION													–	–	–	–
Vote 3 - INFRASTRUCTURE & ECONOMIC DEVELOPMENT													–	–	–	–
Vote 4 - WATER													–	–	–	–
Vote 5 - WASTE WATER MANAGEMENT													–	–	–	–
Vote 6 - PUBLIC SAFETY													–	–	–	–
Vote 7 - ENVIRONMENTAL PROTECTION													–	–	–	–
Vote 8 - OTHER: MARKET													–	–	–	–
Vote 9 - SPORTS & RECREATION													–	–	–	–
Vote 10 - [NAME OF VOTE 10]													–	–	–	–
Vote 11 - [NAME OF VOTE 11]													–	–	–	–
Vote 12 - [NAME OF VOTE 12]													–	–	–	–
Vote 13 - [NAME OF VOTE 13]													–	–	–	–
Vote 14 - [NAME OF VOTE 14]													–	–	–	–
Vote 15 - [NAME OF VOTE 15]													–	–	–	–
Capital multi-year expenditure sub-total	2	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Single-year expenditure *to be appropriated*																
Vote 1 - EXECUTIVE & COUNCIL		88	88	88	88	88	88	88	88	88	88	88	87	1 055	1 107	1 163
Vote 2 - FINANCE & ADMINISTRATION		1 735	1 735	1 735	1 735	1 735	1 735	1 735	1 735	1 735	1 735	1 735	7 235	26 320	27 636	29 018
Vote 3 - INFRASTRUCTURE & ECONOMIC DEVELOPMENT		57	57	57	57	57	57	57	57	57	57	57	57	680	714	750
Vote 4 - WATER		25 736	25 736	25 736	25 736	25 736	25 736	25 736	25 736	25 736	25 736	25 736	25 736	308 829	324 270	340 484
Vote 5 - WASTE WATER MANAGEMENT		4 897	4 897	4 897	4 897	4 897	4 897	4 897	4 897	4 897	4 897	4 897	2 897	56 769	59 608	62 588
Vote 6 - PUBLIC SAFETY		250	250	250	250	250	250	250	250	250	250	250	250	3 000	3 150	3 308
Vote 7 - ENVIRONMENTAL PROTECTION													–	–	–	–
Vote 8 - OTHER: MARKET													–	–	–	–
Vote 9 - SPORTS & RECREATION													–	–	–	–
Vote 10 - [NAME OF VOTE 10]													–	–	–	–
Vote 11 - [NAME OF VOTE 11]													–	–	–	–
Vote 12 - [NAME OF VOTE 12]													–	–	–	–
Vote 13 - [NAME OF VOTE 13]													–	–	–	–
Vote 14 - [NAME OF VOTE 14]													–	–	–	–
Vote 15 - [NAME OF VOTE 15]													–	–	–	–
Capital single-year expenditure sub-total	2	32 763	32 763	32 763	32 763	32 763	32 763	32 763	32 763	32 763	32 763	32 763	36 262	396 653	416 486	437 310
Total Capital Expenditure	2	32 763	32 763	32 763	32 763	32 763	32 763	32 763	32 763	32 763	32 763	32 763	36 262	396 653	416 486	437 310

References

1. Table should be completed as either Multi-Year expenditure appropriation or Budget Year and Forward Year estimates

2. Total Capital Expenditure must reconcile to Budgeted Capital Expenditure

DC21 Ugu - Supporting Table SA29 Consolidated budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital Expenditure - Standard	1															
Governance and administration		726	726	726	726	726	726	726	726	726	726	726	19 392	27 375	28 743	30 180
Executive and council		88	88	88	88	88	88	88	88	88	88	88	87	1 055	1 107	1 163
Budget and treasury office		2	2	2	2	2	2	2	2	2	2	2	2	20	21	22
Corporate services		636	636	636	636	636	636	636	636	636	636	636	19 303	26 300	27 615	28 996
Community and public safety		250	250	250	250	250	250	250	250	250	250	250	250	3 000	3 150	3 308
Community and social services													–	–	–	–
Sport and recreation													–	–	–	–
Public safety		250	250	250	250	250	250	250	250	250	250	250	250	3 000	3 150	3 308
Housing													–	–	–	–
Health													–	–	–	–
Economic and environmental services		57	57	57	57	57	57	57	57	57	57	57	57	680	714	750
Planning and development		57	57	57	57	57	57	57	57	57	57	57	57	680	714	750
Road transport													–	–	–	–
Environmental protection													–	–	–	–
Trading services		31 730	31 730	31 730	31 730	31 730	31 730	31 730	31 730	31 730	31 730	31 730	16 563	365 598	383 878	403 072
Electricity													–	–	–	–
Water		26 833	26 833	26 833	26 833	26 833	26 833	26 833	26 833	26 833	26 833	26 833	13 666	308 829	324 270	340 484
Waste water management		4 897	4 897	4 897	4 897	4 897	4 897	4 897	4 897	4 897	4 897	4 897	2 897	56 769	59 608	62 588
Waste management													–	–	–	–
Other													–	–	–	–
Total Capital Expenditure - Standard	2	32 763	32 763	32 763	32 763	32 763	32 763	32 763	32 763	32 763	32 763	32 763	36 262	396 653	416 486	437 310
Funded by:																
National Government		29 583	29 583	29 583	29 583	29 583	29 583	29 583	29 583	29 583	29 583	29 583	29 583	354 998	372 748	391 386
Provincial Government													–	–	–	–

DC21 Ugu - Supporting Table SA30 Consolidated budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Cash Receipts By Source													1		
Property rates												–			
Property rates - penalties & collection charges												–			
Service charges - electricity revenue												–			
Service charges - water revenue	21 235	21 235	21 235	21 235	21 235	21 235	21 235	21 235	21 235	21 235	21 235	28 073	261 653	248 797	261 236
Service charges - sanitation revenue	7 760	7 760	7 760	7 760	7 760	7 760	7 760	7 760	7 760	7 760	7 760	7 830	93 186	90 915	95 461
Service charges - refuse revenue												–			
Service charges - other												–			
Rental of facilities and equipment	107	107	107	107	107	107	107	107	107	107	107	110	1 292	1 555	1 633
Interest earned - external investments	399	399	399	399	399	399	399	399	399	399	399	399	4 790	5 781	6 070
Interest earned - outstanding debtors	261	261	261	261	261	261	261	261	261	261	261	261	3 129	3 776	3 965
Dividends received												–			
Fines												–			
Licences and permits												–			
Agency services												–			
Transfer receipts - operational	152 460	2 238	3 386	250	124 940	1 460			88 479			8 331	381 544	407 552	444 684
Other revenue	570	570	570	570	570	570	570	570	570	570	570	572	6 840	8 253	8 666
Cash Receipts by Source	**182 791**	**32 569**	**33 717**	**30 581**	**155 271**	**31 791**	**30 331**	**30 331**	**118 811**	**30 331**	**30 331**	**45 576**	**752 433**	**766 630**	**821 715**
Other Cash Flows by Source															
Transfer receipts - capital	139 764	4 417			129 755	4 417			77 325			–	355 678	323 072	366 455
Contributions recognised - capital & Contributed assets												–			
Proceeds on disposal of PPE												–			
Short term loans												–			
Borrowing long term/refinancing												–			
Increase (decrease) in consumer deposits	82	82	82	82	82	82	82	82	82	82	82	82	979	1 028	1 079
Decrease (Increase) in non-current debtors												–			
Decrease (increase) other non-current receivables												–			
Decrease (increase) in non-current investments												–			
Total Cash Receipts by Source	**322 637**	**37 068**	**33 799**	**30 663**	**285 108**	**36 290**	**30 413**	**30 413**	**196 217**	**30 413**	**30 413**	**45 657**	**1 109 091**	**1 090 730**	**1 189 250**
Cash Payments by Type															
Employee related costs	23 084	31 395	23 084	23 084	23 084	23 084	23 084	23 084	23 084	23 084	23 084	28 084	290 324	304 840	320 082
Remuneration of councillors	826	826	826	826	826	826	826	826	826	826	826	826	9 916	10 412	10 933
Finance charges	158	158	4 422	158	158	4 422	158	158	4 422	158	158	4 422	18 952	18 004	17 104
Bulk purchases - Electricity												–			
Bulk purchases - Water & Sewer	5 290	5 290	5 290	5 290	5 290	5 290	5 290	5 290	5 290	5 290	5 290	9 880	68 073	71 477	75 051
Other materials	693	693	693	693	693	693	693	693	693	693	693	1 448	9 067	9 520	9 996
Contracted services	1 625	1 625	1 625	1 625	1 625	1 625	1 625	1 625	1 625	1 625	1 625	4 594	22 465	23 589	24 768
Transfers and grants - other municipalities												–	–	–	–
Transfers and grants - other	7 932	7 932	7 932	7 932	7 932	7 932	7 932	7 932	7 932	7 932	7 932	7 932	95 190	99 949	104 947
Other expenditure	16 207	16 207	16 207	16 207	16 207	16 207	16 207	16 207	16 207	16 207	16 207	16 207	194 490	204 214	214 425
Cash Payments by Type	**55 816**	**64 127**	**60 080**	**55 816**	**55 816**	**60 080**	**55 816**	**55 816**	**60 080**	**55 816**	**55 816**	**73 395**	**708 477**	**742 006**	**777 306**
Other Cash Flows/Payments by Type															
Capital assets	23 712	23 712	23 712	23 712	23 712	23 712	23 712	23 712	23 712	23 712	23 712	77 064	337 894	354 789	372 529
Repayment of borrowing			4 688			4 688			4 688			4 688	18 754	17 816	16 925
Other Cash Flows/Payments												–			
Total Cash Payments by Type	**79 528**	**87 839**	**88 481**	**79 528**	**79 528**	**88 481**	**79 528**	**79 528**	**88 481**	**79 528**	**79 528**	**155 147**	**1 065 125**	**1 114 611**	**1 166 760**
NET INCREASE/(DECREASE) IN CASH HELD	**243 109**	**(50 771)**	**(54 682)**	**(48 865)**	**205 580**	**(52 191)**	**(49 115)**	**(49 115)**	**107 737**	**(49 115)**	**(49 115)**	**(109 490)**	**43 965**	**(23 882)**	**22 490**
Cash/cash equivalents at the month/year begin:	190 605	433 714	382 943	328 261	279 396	484 976	432 785	383 670	334 554	442 291	393 176	344 061	190 605	234 571	210 689
Cash/cash equivalents at the month/year end:	433 714	382 943	328 261	279 396	484 976	432 785	383 670	334 554	442 291	393 176	344 061	234 571	234 571	210 689	233 179

DC21 Ugu - Supporting Table SA31 Aggregated entity budget

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R million		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Financial Performance										
Property rates		–	–							
Service charges		–	–							
Investment revenue		0	0	0	0	0	0	1	1	1
Transfers recognised - operational		12	13	13	14	21	20	5	5	6
Other own revenue		1	1	1	2	0	0	2	2	2
Contributions recognised - capital & contributed assets		–	–							
Total Revenue (excluding capital transfers and contributions		13	14	14	16	22	21	8	8	8
Employee costs		4	3	4	5	8	7	8	9	9
Remuneration of Board Members		0	0	0	0	0	0	0	1	1
Depreciation & asset impairment		0	0	0	0	0	0	0	0	0
Finance charges		–	–	–	0	0	0	0	0	0
Materials and bulk purchases		–	–	–	–	–	–		–	–
Transfers and grants		–	–	–	–	–	–		–	–
Other expenditure		7	7	7	10	15	14	14	15	15
Total Expenditure		11	11	12	16	24	23	23	24	26
Surplus/(Deficit)		1	3	3	1	(2)	(2)	(16)	(16)	(17)
Capital expenditure & funds sources										
Capital expenditure										
Transfers recognised - operational					0	0	0	1	1	1
Public contributions & donations										
Borrowing										
Internally generated funds		0	0	0				1	1	1
Total sources		0	0	0	0	0	0	1	1	1
Financial position										
Total current assets		7	9	13	11	13	12	12	13	14
Total non current assets		1	1	1	1	1	1	1	1	1
Total current liabilities		1	1	2	1	1	1	1	1	2
Total non current liabilities		–	–	–	–	–	–	–	–	–
Equity		6	9	12	11	11	11	12	13	14
Cash flows										
Net cash from (used) operating		0	4	5	(0)	(1)	(1)	2	2	2
Net cash from (used) investing		(0)	(0)	(0)	(0)	1	1	(1)	(1)	(1)
Net cash from (used) financing		–	–	–	–	–	–	–	–	–
Cash/cash equivalents at the year end		2	6	11	6	13	13	14	14	15

UGU DISTRICT MUNICIPALITY

OTHER DEPARTMENTS - DRAFT CAPITAL BUDGET 2015/2016

Capital Item	Department	Total Amount	SOURCE OF FUNDING	
			Internal Funds	Other Grants
COMPUTER EQUIPMENT				
Monitor	Treasury	R 10,000	10,000	
Voice Recorder	Treasury	R 10,000	10,000	
Projectors for boardrooms	CS	R 30,000	30,000	
Upgrade of Recording machines (Secretariat)	CS	R 50,000	50,000	
Power supply equipment	CS	R 500,000	500,000	
Server infrastructure upgrade	CS	R 300,000	300,000	
SCOA	CS	R 1,000,000	1,000,000	
Revenue System	CS - IT	R 2,500,000	2,500,000	
Video Camera	OMM	R 10,000	10,000	
Public Address System	OMM	R 9,000	9,000	
Cameral lens (extendor)	OMM	R 18,000	18,000	
FURNITURE AND EQUIPMENT				
Chairs	CS	R 150,000	150,000	
Registry Shelving	CS	R 50,000	50,000	
WSA Registry shelving	CS	R 140,000	140,000	
Registry handheld scanners	CS	R 80,000	80,000	
Podium	OMM	R 17,500	17,500	
Skid Unit	Disaster	R 2,500,000		2,500,000
Skid Equipment	Disaster	R 500,000		500,000
MOTOR VEHICLES				
Fleet vehicle replacement plan	CS	R 5,000,000	5,000,000	
2 x Buses	CS (Fleet)	R 1,000,000	1,000,000	
Councillor Motor Vehicle	OMM	R 1,000,000	1,000,000	
BUILDINGS AND STRUCTURES				
WS Building - Oslo Beach	CS	R 6,600,000	6,600,000	
Park Rynie standby quarters refurbishment	CS	R 3,100,000	3,100,000	
Council chambers and C/Services building - Disaster site	CS	R 5,000,000	5,000,000	
Connor Street - Training Centre / Boardroom (Refurbish garages)	CS	R 300,000	300,000	
Property Transfers Project	CS	R 500,000	500,000	
Total		**R 30,374,500**	**27,374,500**	**3,000,000**

UGU DISTRICT MUNICIPALITY

WATER - DRAFT CAPITAL BUDGET 2015/2016

Capital Item	Total Amount	SOURCE OF FUNDING		
		Internal Funds	Other Grants	MIG Grant
MOTOR VEHICLES (5)				
Mini excavators with trailers x 3	R3,000,000	3,000,000		
Replacement of 2 x aged VTS trucks	R800,000	800,000		
Jetter truck area north	R1,800,000	1,800,000		
WATER INFRASTRUCTURE				
M&E replacement of aged infrastructure	R1,000,000	1,000,000		
Fencing of key infrastructure points	R2,500,000	2,500,000		
WATER INFRASTRUCTURE (RBIG)				
Mhlabatshane Scheme (RBIG)	R8,834,000		8,834,000	
WATER INFRASTRUCTURE (MWIG)				
Maphumulo "C" Water Scheme	R37,000,095		37,000,095	
Gamalakhe Bulk Water Supply Project: Security of Supply	R31,000,000		31,000,000	
Non-Revenue Water Reduction	R27,094,905		27,094,905	
Universal Access Plans(Infrastructure Master Plans)	R5,000,000		5,000,000	
WATER INFRASTRUCTURE (MIG)				
Kwanyuswa Water Scheme - Phase 3 (AFA) MIS 194753	R10,000,000			10,000,000
Mhlabatshane Regional Water Supply Scheme	R2,000,000			2,000,000
Umtamvuna Water Works Raw Water Upgrade	R2,000,000			2,000,000
Mabheleni East Water Project	R2,000,000			2,000,000
Harding Weza Regional Bulk Water Supply Planning (Dam)	R20,000,000			20,000,000
Thoyane Water Project Phases 4 & 7	R800,000			800,000
Umzimkhulu Bulk Water Augmentation Scheme Stage	R30,000,000			30,000,000
Masinenge Bulk Water and Sanitation Project	1,000,000			1,000,000
Msikaba and Surrounds Water Supply Scheme	R7,000,000			7,000,000
Umzinto Slum Clearance: Farm Isonti Low cost Housing Water and Sanitati	R15,000,000			15,000,000
Water Pipeline Replacements	R90,000,000			90,000,000
Harding Waterworks Refurbishment	R1,000,000			1,000,000
Mistake Farm Supply Scheme	R1,000,000			1,000,000
Bulk Water and Sewer Infrastructure for Mazakhele, Harding	R7,000,000			7,000,000
Vulamehlo Cross-Border Water Scheme	R2,000,000			2,000,000
Total	**R308,829,000**	**9,100,000**	**108,929,000**	**190,800,000**

UGU DISTRICT MUNICIPALITY

SANITATION - DRAFT CAPITAL BUDGET 2015/2016

Capital Item	Total Amount	SOURCE OF FUNDING		
		Internal Funds	Other Grants	MIG Grant
SANITATION INFRASTRUCTURE (MIG)				
M&E replacement of aged infrastructure	R 1,000,000	1,000,000		
Safety equipment all areas	R 1,000,000	1,000,000		
Fencing of key infrastructure points	R 2,500,000	2,500,000		
Malangeni Low Cost Housing Project	R 12,753,420			12,753,420
Sanitation Refurbishment Phase 1 - Port Edward to Park Rynie	R 6,000,000			6,000,000
Umzinto Waste Water Treatment Works and Outfall Sewers Upgrade and R	R 9,516,000			9,516,000
Pennington Waterborne Sanitation Project-Provision of Bulk Sewer & Retic	R 5,000,000			5,000,000
Harding Sanitation Scheme: Phase 3	R 9,000,000			9,000,000
Margate Sewer Pipeline Replacement	R 9,000,000			9,000,000
Masinenge/uVongo Sanitation Project	R 1,000,000			1,000,000
Total	R 56,769,420	4,500,000	-	52,269,420

UGU DISTRICT MUNICIPALITY
MUNICIPAL INFRASTRUCTURE GRANT 2015/2016 ALLOCATION

DETAILS		2014/2015 Revised	2015/2016	% Increase
National MIG Allocation		245,189,000	249,316,000	1.68%
Vat Recovered MIG				
Less : Allocated Expenditure		245,189,000	249,316,000	-10.94%
Capital - Sanitation				
Infrastructure Projects	Capex - Sanitation	46,906,419	53,269,420	10.19%
Capital - Water		*193,252,618*	*189,800,000*	-12.02%
Infrastructure Projects	Capex - Water	193,252,618	189,800,000	-12.02%
Operational - Grants		*5,029,963*	*6,246,580*	-57.02%
Vulamehlo VIP's	Opex - Conditional Grants			100.00%
Umzumbe VIP's	Opex - Conditional Grants	5,029,963		0.00%
Ezinqoleni VIP's	Opex - Conditional Grants			-94.38%
uMuziwabantu VIP's	Opex - Conditional Grants			-59.18%
Hibiscus Coast VIP's	Opex - Conditional Grants		5,000,000	-97.01%
General Operational Expenditure (Prog. Mgt Costs)	Opex - Conditional Grants		1,246,580	-70.31%
AVAILABLE		0	0	0.00%

UGU DISTRICT MUNICIPALITY
EQUITABLE SHARE 2015/2016 ALLOCATION

DETAILS		Revised 2015	Draft 2015/2016	% Increase
National Equitable Share Allocation		-264,748,000	-303,885,000	14.8%
Less : Allocated Expenditure		264,748,000	303,885,000	14.8%
Cost of Supplying Free Basic Metered Water	Water	*19,346,765*	*22,206,747*	14.8%
Free Basic Water – Standpipes	Water	*36,693,849*	*42,118,204*	14.8%
Equitable Share 2015/2016- Water		*85,783,415*	*98,464,552*	14.8%
Water Tariff Subsidization	Water	60,495,229	69,438,080	14.8%
Indigent Support	Water	21,288,186	24,435,163	14.8%
Drought Relief and Emergency Water Supply	Water	4,000,000	4,591,309	14.8%
	Water			
Equitable Share 2015/2016 – Sanitation		*5,412,357*	*6,212,451*	14.8%
Sanitation Service Subsidization	Sanitation	5,412,357	*6,212,451*	14.8%
Equitable Share 2015/2016 – Grants		*117,511,614*	*134,883,046*	14.8%
Tourism Marketing - Single Tourism Body	LED	6,135,413	6,442,183	5.0%
Tourism Development	LED	4,908,330	5,153,747	5.0%
Development Agency	LED	5,000,000	5,250,000	5.0%
Disaster Management	Public Safety	2,020,620	3,761,856	86.2%
Fire Fighting	Public Safety	3,870,384	3,000,000	-22.5%
Environmental Services	Environmental Services	14,345,933	16,466,655	14.8%
Local Economic Development Projects	LED	1,000,000	2,228,206	122.8%
Other Operational Expenditure		80,230,935	92,580,400	15.4%
AVAILABLE		0	(0)	-132.5%

UGU DISTRICT MUNICIPALITY

TARIFF OF CHARGES 2015/2016 WITH EFFECT FROM 1 JULY 2015 (EXCLUDING VAT)

1. **COUNCIL'S CHARGES FOR WATER SUPPLIED TO CONSUMERS**

(a) All consumers with a private water connection will be liable for the payment of a basic cost irrespective if water is supplied or not. The basic cost shall be calculated by multiplying the quota of a consumer by the amount of the basic cost.

(b) Charges for water supplied shall be calculated by multiplying the consumption of the consumer by the applicable tariff code, by category of consumer.

(c) The following tariff and basic costs will be implemented on all accounts submitted on or after **1 July 2015** based on the quota as allocated to the meter.

CONSUMPTION CHARGE

1. **Properties zoned as Special and General Residential -Category A AND E**

For water consumption	2015/2016	2014/2015
0- 39kl	10.85	10.19
39 – 51kl	17.30	16.32
>51kl	19.50	18.35

2. **Multi unit residential - Estates AND OTHER bulk users**
Total Monthly Quota as per Service Level Agreement- Category B

	2015/2016	2014/2015
For water consumption	7.68	7.21
For water drawn in excess of quota	19.54	18.35

3. **Commercial, Industrial or other- Category C**

For water consumption up to quota	10.85	10.19
For water drawn in excess of quota	21.70	20.38

4. **Special Category - Category D**

Basic to be determined as per Service Level Agreement
Water Consumption determined as per Service Level Agreement

BASIC CHARGE

Category A to D

(d) A monthly basic charge per kilolitre quota (or part thereof) per day which cost shall be paid at Council's option by the consumer and/or legal owner of the property serviced by the meter – **138.65** (2014/2015: **R130.19)**
Consumers residing in areas currently categorised as rural areas by the municipality will receive a 75% rebate on the basic charge.

Category E

(e) A monthly basic charge per kilolitre quota of **0.71 kilolitres** per day, which cost shall be paid at Council's option by the consumers residing in areas currently categorised as sub-economic by the municipality–**R93.20** (2014/2015: **R87.60)**

(f) **Water and Sanitation Basic Charges- other**

Category	Adjusted billing to
Schools	One Basic per meter + Charge per Kilolitre
Religious institutions & non profit organisations	One Basic per meter + Charge per Kilolitre
Industrial	Calculated Quota
Category E	Sub-economic
Category F	Indigent

2. **COUNCIL'S CHARGE FOR A NEW WATER AND SANITATION CONNECTION**

2.1 WATER

SIZE	2015/2016	2014/2015	% Increase
15 mm [Other]	2,662.50	2,500.00	6.50%
20 mm	4,822.95	4,528.59	6.50%
25 mm	6,254.64	5,872.90	6.50%
40 mm	9,783.16	9,186.07	6.50%

SIZE		Deposit Required	
50mm	Cost plus 10%	12000.00	
75mm	Cost plus 10%	13000.00	
100mm	Cost plus 10%	14000.00	
50mm combination	Cost plus 10%	16000.00	

2.2 SANITATION

SIZE	2015/2016	2014/2015	% Increase
110mm standard connection, 6m from the boundary of the property to be connected	1,696.98	1 593.41	6.50%
160mm Standard connection 6m from the boundary of the property to be connected	2,182.81	2 049.59	6.50%
SIZE	**2015/2016**	**2014/2015**	
110mm under gravel, situated more than 6m from boundary of the property to be connected	Cost plus 10%	Cost plus 10%	
160mm under gravel, situated more than 6m from boundary of the property to be connected	Cost plus 10%	Cost plus 10%	
110mm under tarmac road, situated more than 6m from boundary of the property to be connected	Cost plus 10%	Cost plus 10%	
160mm under tarmac road, situated more than 6m from boundary of the property to be connected	Cost plus 10%	Cost plus 10%	

3. COUNCIL'S CHARGES FOR MISCELLANEOUS SERVICES

	SERVICE	2015/2016	2014/2015	% INCREASE
1.	Testing water meters 15 mm and 20 mm	1,094.43	1,027.63	6.50%
2.	Reconnection/Requested Disconnection of supply	247.14	216.88	6.50%
3.	Reconnection of supply outside working hours	1,007.35	945.87	6.50%
4.	Restriction (Credit control)	236.59	222.15	6.50%
5.	Disconnection (Credit control)	552.05	518.36	6.50%
6.	Special meter readings	788.63	740.50	6.50%
7.	Inspection of leaks in terms of Section 23(c)	1,052.67	988.42	6.50%
8.	Any other service			6.50%
9.	For water drawn from an unmetered point of supply per hour or part thereof	804.42	755.32	6.50%
10.	For water drawn from a hydrant standpipe	10.85/kl	10.19/kl	6.50%
11.	Availability charge per fire hydrant standpipe	83.12 per month per fire hydrant	78.05 per month per fire hydrant	6.5%
12.	Water supplied by tanker less/equal to 6kl	1,137.60	1,068.17	6.50%
13.	Plan approval fee	452.89	235.00	6.50%
14.	Inspection Fee per visit	509.36	478.27	6.50%
15.	Clearance Certificates	263.06	247.00	6.50%
16.	Drainage Certificate Fee	206.84	194.22	6.50%
17.	Application in terms of New Planning Act	2,572.53	2,415.52	6.50%
18.	Town Planning Applications	250.28	235.00	6.50%

19.	Miscellaneous charges	Cost + 10%		
20.	Administration fee/ Town Planning related matters	202.61		
21.	Issuing of a Business Licence	509.36		

4. **WATER AVAILABILITY CHARGE** for the year 2015/2016 raised in terms of Section 10G(7) of the Local Government Transitional Act, and the regulations framed in terms of Section 47 of the Ordinance 27/63, the Council levy a uniform **WATER RATE** as set out hereunder, on all land subject to such rate, within local authority areas and townships within the defined areas of the former Lower South Coast and Umzinto Regional Water Services Corporations, for the financial year ending **30 June 2016**:

A UNIFORM CHARGE OF R1,663.83 (2014/2015: R1,562.28) PER YEAR PER RATED LOT IRRESPECTIVE OF AREA

The final date for payment of such charge shall be **30 NOVEMBER 2015**.

5. **COUNCIL'S CHARGES FOR SANITATION SERVICES**

		2015/2016	2014/2015	% INCREASE (DECREASE)
5.1	**Waterborne Sanitation (All Areas)**			
	Residential			
	Basic Charge (per unit / per property)	269.16	269.16	0.00%
	Charge per kilolitre (water consumption)	3.38	3.17	6.50%
	Conservancy with a Main line facility to Pay 2x basic fee	538.30	538.30	0.00%
	Industrial/ Commercial			
	Basic Charge (per quota)	269.16	269.16	6.50%
	Charge per kilolitre	3.38	3.17	6.50%
	For any sewage effluent delivered to the sewerage works for processing, per kilolitre or part thereof	25.35	23.80	6.50%
5.3	**Conservancy Tank Clearances (All Ugu)**			
	Residential	269.16	269.16	0.00%
	Basic Charge (per unit/ per property)	3.38	3.17	6.50%
	Charge per kilolitre(water consumption)			
	SINGLE RESIDENTIAL UNITS			
	▪ FIRST LOAD 100% OF APPROVED TARIFF -	352.33	330.83	6.50%
	▪ SECOND LOAD 70% OF APPROVED TARIFF-	214.21	201.14	6.50%
	▪ THIRD LOAD AND MORE 50% OF APPROVED	153.02	143.68	6.50%
	ON CONDITION THAT THERE IS A SPLIT OF GREY AND BLACK WATER As approved by a municipal inspector			
	Industrial/Commercial			
	Basic Charge(per quota)	269.16	269.16	6.50%
	Charge per kilolitre	3.38	3.17	6.50%

		2015/2016	2014/2015	% INCREASE (DECREASE)
	Conservancy tank customers will receive one load per month included in the basic charge tariff			
5.4	**Adhoc Vacuum tanker services (All Ugu)** For each draw requested	480.80	451.46	6.50%
5.5	Removal of conservancy tank effluent: - - For the removal of conservancy effluent per load or part thereof after normal office hours (Monday to Friday). An applicant for the supply of a conservancy service shall pay a deposit equivalent to the rand value of the number of estimated additional monthly draws anticipated.	1,993.52	1,871.85	6.50%
5.6	1) Conservancy tank additional draws are performed on a cash basis, unless there is a consumer account reflecting an appropriate deposit. 2) Conservancy tank draws shall be performed within 48 hours of request and/or confirmation of receipt of monies. 3) It is the responsibility of the person requesting a draw to get a reference number for follow-up queries.			
5.7	Septic Tank Charge: - Umdoni Municipality - Per Draw Provided: i) The septic tank must be located and exposed by the owner. ii) The effluent in the septic tank must be liquefied by the owner. iii) The septic tank must be accessible for removal. This service is performed on a cash basis only.	1,267.14	1,189.80	6.50%
5.8	Leachate Removal Charge: - Umdoni Municipality - Per Draw	214.58	213.58	6.50%

6. Tariff of charges for GIS Copies of Maps – all prices excl vat

Size	Colour Copy	Black and White Copy	Standard photo Copy
AO	258.46	129.22	-
A1	193.84	96.92	-
A2	129.22	64.61	-
A3	76.80	38.76	6.45
A4	64.61	32.30	2.58
Electronic Soft copy on CD	64.61		-
Images (per MB)	52.75	32.30	

7. PROPOSED NEW CAPITAL CONTRIBUTIONS FOR THE 2015/2016

SANITATION	COST PER QUOTA
INTERNAL NETWORK	
OUTFALL SEWER/PUMPING MAIN	R 7 884.00
WASTE WATER TREATMENT WORKS	R 7 489.80
TOTAL	**R 15 373.80**
ONE QUOTA = 1000 LITERS	
WATER	**COST PER QUOTA**
NETWORK	
DAM	R 2 299.50
SUPPLY PIPELINE	R 2 089.26
PUMPSATION	R 2 969.64
RESERVOIR	R 2 233.80
WATER PURIFICATION WORKS	R 2 759.40
TOTAL	**R 12 351.60**
ONE QUOTA = 1000 LITERS	

CONTRIBUTIONS	WATER QUOTA	SANITATION QUOTA
RESIDENTIAL 1		
SUB ECONOMIC (250 TO 400)	0.25	0.20
LOW (401 TO 700M^2)	0.60	0.50
MIDDLE (701 TO 900 M^2)	0.80	0.65
HIGH (901 TO 2000)	1.00	1.00
GRANNY FLAT	0.50	0.40
RESIDENTIAL 2 AND 3		
LOW (30 TO 60 M^2)	0.60	0.50
MIDDLE (61 TO 200 M^2)	0.80	0.65
HIGH (201 TO 500)	1.00	1.00
RESIDENTIAL 4 (HIGH RISE)	1.00	1.00
LOW (30 TO 50 M^2)	0.45	0.40
MIDDLE(51 TO 80 M^2)	0.60	0.50
HIGH (81 TO 200 M^2)	0.75	0.70
OFFICE /100M^2	0.40	0.40
SHOPS/100M^2	0.40	0.40

	WATER QUOTA	SANITATION QUOTA
CLINIC/BED	0.25	0.25
RETIREMENT VILLAGE/PERSON		
FRAIL CARE/PERSON	0.25	0.25
BEDSITTER/PERSON	0.25	0.25
UNITS/UNIT	0.50	0.50
HOSTELS/PUPIL	0.15	0.15
CRECHE/PUPIL	0.02	0.02
SCHOOLS/PUPIL	0.02	0.02
HOSPITAL/BED	0.25	0.25
RESTAURANT/SEAT	0.09	0.09
WAREHOUSE/ VEHICLE SHOWROOM(EXCL. OFFICE) /100 M^2	0.20	0.20
INDUSTRIAL(EXCL.OFFICE) /100M^2	0.40	0.40
CARAVAN PARK/SITE	0.60	0.5
CONFERENCE CENTRE/HALL / PER SEAT	0.09	0.09
GOLF ESTATE /HECTARE	5.00	0.00
SERVICE STATION/WORKSHOP/100M^2	0.40	0.40
B&B AND GUESTHOUSE/LODGE/ROOM	0.60	0.50
HOTEL/ROOM	0.60	0.60
CHURCH/RELIGIOUS INSTITUTIONS	1.00	1.00
HALLS AND CLUB HOUSES	1.00	1.00
CAR WASH	7.68	7.68

8. INDUSTRIAL EFFLUENT CHARGES

- The charges payable by the owner or occupier, as the case may be, of the manufacturing premises for the use of the Council's sewers in respect of the discharge and conveyance therein of trade effluent from the manufacturing premises, including the use of the Council's sewage purification works for purification of the trade effluent, shall be determined in accordance with the provisions of this by-law. Accounts will be rendered as soon as possible after each period of six months ending on 31st December, or 30th June of each year and shall apply to such periods. Where during any such six monthly period there has been a change of ownership or occupancy necessitating an apportionment of the amount due to the Council, the Council will apportion the amount between the parties concerned in a manner proportionate to the quantity of trade effluent discharged during the relevant respective periods of ownership or occupancy. Nothing herein shall be construed as preventing the Council from submitting accounts on a monthly basis should such practice be considered more expedient by the Council.

  The General Manager: Water Services may base the trade effluent charge as described in paragraph (p) section (a), on the highest COD of one, or more samples collected from the trade effluent sampling point.

  The charge to be levied by the General Manager: Water Services in respect to trade effluent discharged into its sewers from manufacturing premises shall be assessed in accordance with the following formula: -

  R = A + ((COD/1000) x B)

  WHERE

  R is the rate in cents per kilolitre due to the Council.

  A is the basic carriage tariff expressed in cents per kilolitre, determined annually in advance by the

Council. The value of A is R5.35 (6.50%)

B is the basic treatment tariff expressed in cents per kilogram of COD, determined annually in advance by the Council. The value of B is R0.50 (6.50%)

COD is the chemical oxygen demand value expressed in milligram of COD per litre of effluent recorded in snap samples of effluent collected as and when deemed fit by the General Manager: Water Services.

The charges payable by the owner or occupier will also include any other charges as may be applicable.

- A copy of the methods of chemical analysis and testing procedures used to determine the COD for the purpose of calculating the charge equation described above shall be kept available by the General Manager: Water Services for inspection by the owner or occupier of any premises concerned. The method of chemical analysis will in all respects follow the STANDARD METHODS FOR WATER ANALYSES published by the SOUTH AFRICAN BUREAU OF STANDARDS being SABS METHOD 1048 – CHEMICAL OXYGEN DEMAND OF WATER.

- In the absence of any direct measurement, the quality of trade effluent discharged into the Council's sewers from any particular manufacturing premises during any period shall be estimated and determined by the General Manager: Water Services by reference to the quantity of water consumed on such premises during such period. The quantity of water consumed on such premises shall be determined by reference to the Council's water meters in the case of water obtained from the Council and by meter or by calculation in the case of water obtained from any other source, including water emerging from material processed on the premises. In determining the quantity of trade effluent so discharged, due allowance shall be made for the quality of water which it is estimated is used for domestic purposes including gardening on such premises or any other purpose not resulting in the discharge of trade effluent and for water lost be reaction or evaporation during any processes on the manufacturing premises concerned and for water present in the final products or materials produced on such premises and, generally, the District Municipality shall take into consideration such matters as will enable it to estimate for the purpose of the by-laws the quantity of trade effluent discharged as aforesaid during any given period.

Industries linked to water borne sewer will be liable for the sanitation basic fee and charges per kilolitre as per charges set, over and above the industrial effluent charge, based on the calculated quota.

9. ACCEPTANCE OF SEWAGE DELIVERED BY ROAD HAULAGE

Description	**2015/2016**	**2014/2015**
		R
The charges for any sewage delivered for disposal to any Council facilities shall be assessed by an authorised officer in accordance with the prescribed tariff of charges:		
(a) Disposal of trade effluent from within the Council's area of jurisdiction delivered by private road tanker to Council facilities		
Per tanker load	R557.04	R523.04
(b) Disposal of trade effluent from without the Council's area of jurisdiction delivered by private road tanker to Council facilities		
Per tanker load	R999.40	R938.40
(c) Disposal of domestic effluent from within or without the Council's area of jurisdiction to Council facilities		

(i) delivered by private road tanker per kilolitre, measured as the nominal carrying capacity, of the tanker	R166.57	R156.40
(ii) delivered by private road haulage in drums per drum of capacity not exceeding 150 litres	R33.31	R31.28

10. TARIFFS FOR INSTALLATION OF BASE TELECOMMUNICATION STATIONS

The MONTHLY tariffs for the new installation and the renewal of existing leases of base telecommunication stations on municipal property shall be as per the below mentioned tariff of charges:

- R5, 339.86 (R5,013.95)on property with an existing structure.
Tower erected on Municipal land (a Greenfield site)

- R2, 669.92 (R2,506.97) for Co-Locators (Sub-leases)
Billed to the main lessee, applicable to new leases signed or renewed after 1 July 2012

-R1, 067.97 (R1,002.79)for antennae's with no base stations
Dependant on technical criteria, frequency emissions and site size being no greater than 5m2

It should be noted that for a single installation, a lease agreement will be entered into with one service provider. In the event of co-use of telecommunications masts by cellular network providers, the primary service provider with whom the municipality entered into lease agreement will be responsible for the account.

11. OFFENCES AND PENALTIES

Any offences and/or penalties raised by the municipality shall be affected as per Part 7 (General Provisions), clause 34, of the Gazetted Water Services Bylaws, as adopted in terms of Section 21 of the Water Services Act, Act No. 108 of 1997.

12. SPORTFIELDS AND MULTI – COURTS TARIFFS 2014/2015

The municipal has leased out the Ugu Sports and Leisure Centre to Cyassound Holdings for a period of 5 years ending 28 February 2020. The tariffs for the use of the facility will be determined by the lessor until the expiry of the lease contract.

13. PROMOTION OF ACCESS TO INFORMATION ACT (PAIA) SCHEDULE OF FEES

(Act No. 2 of 2000)[Regulation 6]

A request for access to a record, as contemplated in Section 18(1) of the Act, must be made in the form of Form A – PAIA REQUEST FOR ACCESS TO RECORD.

1. FEE STRUCTURE

Fees chargeable for the records of Ugu District Municipality;

A.	REPRODUCTION FEES	
1.	For every photocopy of an A4 Size page or part thereof	R0.78
2.	For every printed copy of an A4 size page or part thereof held on a computer in electronic or machine readable form	R 0.55
3. 3.1 3.2	For a copy in a computer readable form on; Compact Disc (CD) Digital Video Disk (DVD)	 R51.22 R51.22
4. 4.1 4.2	 For transcription of visual images for an A4 size page or part thereof For a copy of visual images	 R28.17 R81.08
5. 5.1 5.2	 For a transcription of an audio record, for an A4 size page or part thereof For a copy of an audio record	 R16.21 R21.77
6.	The request fee payable by every requested, other than a personal requestor referred to in section 22(1) of the Act	R44.80
B.	ACCESS FEES	
	Access fees payable by a requester referred to in section 22(7) of the Act, unless exempted under section 22(8) of the Act	
1.	For every photocopy of an A4 Size page or part thereof	R0.78
2.	For every printed copy of an A4 size page or part thereof held on a computer in electronic or machine readable form	R0.55
3. 3.1 3.2	For a copy in a computer readable form on; Compact Disc (CD) Digital Video Disk (DVD)	 R51.22 R51.22
4. 4.1 4.2	 For transcription of visual images for an A4 size page or part thereof For a copy of visual images	 R28.17 R76.81
5. 5.1 5.2	 For a transcription of an audio record, for an A4 size page or part thereof For a copy of an audio record	 R 15.36 R21.77
6.	To search for the record for disclosure, excluding the first hour, reasonably required time for such a search.	R19.20 per hour or part of an hour

COUNCIL'S TARIFF OF CHARGES FOR ATMOSPHERIC EMISSIONS LICENCE PROCESSING

(a) All activities listed in terms of section 21 of the NEM-Air Quality Management Act (Act no. 39 of 2004) and Section 6 of Ugu District Municipality Air Quality Management by-law will be subject to the payment of an AEL processing fee.

(b) The cost shall be calculated by using the AEL processing fee calculator which is prescribed by Ugu District Municipality with due consideration given to a myriad of factors.

(c) The fee shall be implemented on all AEL applications submitted to the Air Quality Officer (AQO) for scrutiny and approval.

AEL FEE BANDS

APPLICATION BANDS	BAND SIZE		FEE SCHEDULE (R)/YEAR
Band 1	0	13	4,494.30
Band 2	14	21	11,235.75
Band 3	22	40	17,977.20
Band 4	41	60	24,718.65
Band 5	61	80	67 414.50
Band 6	81	100	89,886.00

SERVICE DELIVERY AGREEMENT

BETWEEN

UGU SOUTH COAST TOURISM (PTY) LTD
(2009/003419/07)

AND

UGU DISTRICT MUNICIPALITY

(together herein referred to as "the Parties")

And established in terms of Section 93C of Act 32 of 2000 (the Municipal Systems Act)

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PREAMBLE

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27. INTERPRETATION

A.S.M

PREAMBLE

WHEREAS the District Municipality is a Municipality as defined in terms of the Local Government Municipal Systems Act 32 of 2000 and the Municipal Structures Act 117 of 1998;

AND WHEREAS the parties wish to give effect to and recognition of the Principles enshrined in the Constitution of the Republic of South Africa of 1996, and with specific reference to Section 156 of such Constitution and the parties are obliged to take cognizance of Section 93C and 93D of the Systems Act.

AND WHEREAS the parties are also cognizant of and acknowledge that they are properly bound by the Municipal Finance Management Act 56 of 2003, and more specifically Section 87 of such Act as well as rules pertaining to National Treasury Funding.

AND WHEREAS Section 38 of the Kwa Zulu Natal Tourism Act of 1996 has application to the relationships between the parties.

AND WHEREAS Ugu is, inter alia, empowered, and wishes to in terms of the Municipal Structures Act and Systems Act conclude such an Agreement, and to create a uniform, co-ordinated and measure Tourism Structure by dissolving pre-existing Tourism structures and bringing them within the knowledge and scope of Local and District Municipalities.

AND WHEREAS Tourism as a properly created Municipal Entity as defined herein has the capacity, experience and know-how to implement its statutory functions.

A.S.M

NOW THEREFORE, THE PARTIES AGREE AS FOLLOWS:-

DEFINITIONS

The definitions as contained in all Acts mentioned in the text of this Agreement and Regulations are applicable to this contract. In addition, the following definitions are applicable:-

1.1 "Constituent member" or "Member" shall mean the Ugu Regional Tourism and Community Tourism organisations as provided for in Ugu Tourism Constitution or a member of them.

1.2 "Contract" means this Service Level Agreement of which the only two parties, shall be Ugu and South Coast Tourism (Pty) Ltd, and shall, in context, hereinafter be referred to as the "parties".

1.3 "Effective date: means the 1st of July 2009

1.4 "Integrated Development Plan" or "IDP" shall mean development planning as provided for in terms of the Division of Revenue Act 1 of 2007, the Municipal Structures Act and the Municipal Systems Act.

1.5 "Parent Municipality" means the Ugu District Municipality;

1.6 "Person" includes reference to a juristic person.

1.7 "Preferential Procurement" means the process provided for in the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of

A.S.M

2000) and read with and shall comply fully with the Ugu Supply Chain Management Policy.

1.8 "South Coast Tourism" means Ugu South Coast Tourism (Pty) Ltd, company registration number 2009 / 003419 / 07 (a company incorporated in terms of the Companies Act, 1973) and represented herein by the Chief Executive Officer; he being duly authorized, as Chief Executive Officer.

1.9 "South Coast Tourism's address" means:

1.9.1 For postal purposes: PO Box 570, Port Shepstone, 4240.

1.9.2 For communications by telephone and facsimile:
Telephone (039) 682 7944 and Fax (039) 682 1034

1.9.3 For other purposes: 16 Bisset Street, Port Shepstone, 4240;

1.10 "a sponsorship" or "a sponsor" shall mean the support of an event, activity, person, organisation financially or though the provision of products or services. A sponsor is the individual or group that provides the support, similar to a benefactor, as it applies to the Municipal Entity.

1.11 "The Articles" means the Articles of the Company and any and every other Statute or subordinate legislation from time in force concerning companies and necessarily affecting the Company.

1.12 "The CEO" means the Chief Executive Officer in the company;

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1.13 "the Companies Act" means the Act 61 of 1973, as amended or any Act which replaces it, and any and every other statute or subordinate legislation from time to time in force concerning Companies generally and necessarily affecting the company, South Coast Tourism (Pty) Ltd.

1.14 "The Constitution" shall mean the Constitution of Ugu South Coast Tourism (Pty) Ltd.

1.15 "the Company" or "the Entity" shall mean South Coast Tourism (Pty) Ltd.

1.16 "the Municipality" or "Ugu" means the Ugu District Municipality, established in terms of section 12 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998), represented herein by the Municipal Manager thereof, he being duly authorized.

1.17 "The Municipal Finance Management Act" means Local Government Municipal Finance Management Act No. 56 of 2003;

1.18 "The Municipality's address" means:

1.18.1	PO Box 33, Port Shepstone, 4240	
1.18.2	For communications by	
	Facsimile: 039 682 1720	
	Telephone 039 688 5700	
1.18.3	For other purposes:	Ugu Municipal Offices,
		28 Connor Street,
		Port Shepstone

1.19 "The Service" or "Service Level Agreement" shall mean the measurable and expected outcomes of Tourism as they pertain to:

1.19.1 Feasibility;

1.19.2 The quality of ongoing service delivery to the tourist industry and community; in line with the objectives as set out in the IDP of the Parent Municipality.

1.19.3 Feedback from the tourist industry and community; and

1.19.4 Compliance with the shareholders directives; and

1.19.5 Compliance with the terms and conditions of this Agreement by all affected parties.

1.19.6 Compliance with the Articles and Memorandum of Association of the Entity.

1.20 "The Systems Act" or "the Act" means the Local Government: Municipal Systems Act 32 of 2000;

1.21 "Tourism" or references to "Tourism" shall specifically include the provisions of Section 38 of the Kwa Zulu Natal Tourism Act of 1996 and such references shall also refer to the Constitution of the Entity.

1.2.1 "Service Level Agreement" shall mean this Service Delivery Agreement, and "Service Delivery Agreement" shall have a corresponding meaning.

WHEREAS:-

It was resolved at a meeting of the Ugu District Municipality on 6 March 2007 to establish a single Tourism Body in accordance with all Statutory Prescripts. This has been done.

NOW THEREFORE

1. RECORDAL OF INSTITUTIONAL HISTORY

1.1.1 The Municipality has, over a period of time, entered into various Agreements with the Hibiscus Coast Tourism Association, Umdoni Coast & Country Tourism Association, Ezinqoleni Tourism and Ugu Tourism Association (UTMA); and these bodies have been incorporated in to South Coast Tourism and are thereafter known as Ugu - South Coast Tourism (Pty) Ltd (UguSCT).

1.1.2.1 The parties recognize that Tourism is a central activity and a source of revenue and a basis for economic empowerment of all people in the Ugu District, by virtue of the District's abundant natural resources, its ancient and complex historic ethnic cultures, its vibrant tribal diversity and its unique demographics; supported by its existing tourism infrastructure.

1.1.2.2 The parties acknowledge and appreciate the historical events leading up to the formation of the entity, which historical events are captured in the Constitution.

1.1.2.3 The parties are enjoined by signature of this Agreement to give effect to the spirit as well as the content of this Agreement.

1.2 The parties have agreed to maintain continuity of the relationship between the Municipality and these various bodies or their successors for the purpose of facilitating tourism within the Ugu District Municipality area, and a Constitution has been created to give effect to this purpose, and to recognize this appointment of the Municipal Managers of Local Municipalities as Directors of the Company, and the integral and fundamental role of such Municipal Managers in representing the ongoing interests of such local Municipalities.

1.3 A principal object of the parties in entering into this Agreement is to achieve tourism growth for the Ugu District Municipality area by marketing it as a premier tourist destination and to develop tourism infrastructure products to be evolved within previously disadvantaged and under developed areas within the Ugu District Municipality as may be feasible, with particular emphasis on the hinterland.

1.4 Secondary aims will be provision of quality visitor service centers, to update membership services and responsible tourism advice, and monitoring of local Tourism operations and establishments for compliance with provincial, district and local policies and administration.

1.5 Ugu and the National Treasury of the Republic of South Africa requires a Service Level Agreement in terms of which its measurability, deliverability and its plans can be objectively quantified.

2. FUNCTION OF UGU SOUTH COAST TOURISM

1.1 The main business which the Company is to carry on; is the promotion and implementation of tourism within the Parent Municipality's area of jurisdiction, predicated on the Kwa Zulu Natal Tourism Act as needs be, and based on the Parent Municipality's Integrated Development Plans and Policies.

1.2 To engage in and facilitate an ongoing community consultation process as envisaged by Section 80(2) of the Systems Act and Section 38 of the Tourism Act during the establishment of this Agreement, as well as with the constituent members as defined herein.

2. The main object of Tourism shall be to contribute to the economic, social and environmental development of the area of jurisdiction of the Parent Municipality through Tourism as contemplated inter alia in Section 8 read with Section 86E of the Local Government: Municipal Systems Act.

3. The specific ancillary objects, if any, referred to in Section 33(1) of the Systems Act, form an integral part of the main objective of the company.

3. POWERS OF UGU SOUTH COAST TOURISM

1. Schedule 2 of the Companies Act of 1973 shall not apply to the Company.

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2. The Company is a private company established in terms of Section 86C of the Systems Act and accordingly is restricted to act as a municipal entity in terms of:

   2.1 Chapter 8A of the Systems Act; and
   2.2 Chapter 10 and 11 and Section 116 of the Local Government Municipal Finance Management Act No. 56 of 2003; and
   2.3 Section 41 of the Systems Act; and
   2.4 Section 38 of the Kwa Zulu Natal Tourism Act 113 of 1996; and
   2.5 Its Articles and Memorandum of Association.

3. Section 86D(2) of the Systems Act shall apply namely that Tourism must restrict its activities to the purpose for which it is used by its Parent Municipality in terms of Section 86E(1)(a); and Tourism shall have no competence to perform any activity which falls outside the functions and powers of its Parent Municipality contemplated by Chapter 8 of the Act.

4. The company has incorporated into Ugu South Coast Tourism the following three (3) community tourism associations, namely:

   4.1 Hibiscus Coast Tourism Association;
   4.2 Umdoni Coast & Country Tourism Association; and
   4.3 Izingolweni Tourism Association;

   into one Municipal entity, and

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5. Ugu South Coast Tourism shall register as a Community Tourism Association with the accredited Government approved Tourism Bodies, and as provided in the Tourism Act.

4. RESTRICTIONS ON UGU SOUTH COAST TOURISM

1. All the income, expenditure, sponsorship and property of Tourism shall be applied solely towards the promotion of its main objective;

2. No portion of Tourism's income, expenditure and property shall be paid or transferred, directly or indirectly, by way of dividend, bonus or otherwise to Ugu or directors of the Company, or its Parent Municipality; provided that nothing herein contained shall prevent the payment in good faith or reasonable remuneration to an officer or servant of the Company or to any member in return for any services actually rendered to the company, nor shall Tourism be precluded from acquiring bona-fide sponsors to improve and further its objects and functions, provided that this is done in line with a sponsorship policy, which policy shall be approved by the Parent Municipality, within a reasonable time period after signature hereof

3. The winding-up of the company, shall be in terms of the stipulations contained in the Local Government: Municipal Systems Act, The Local Government: Municipal Finance Management Act and other relevant Acts.

4. The company shall monitor and annually review its annual budget process as set out in Section 87 of the Municipal Finance Management Act.

5. Ownership of, equity interest or shares or any alienation or transfer of that share in the Company may only be alienated or disposed of in terms of Section 86G of the Systems Act and, in the following manner:

   (a) to a wholly owned private company, subject to the Municipal Finance Management Act; or

   (b)(i) subject to Section 14 of the Municipal Finance Management Act; and

   (ii) if that transfer or disposal would not result in an infringement of Section 86C(2) by another Municipality which holds an interest in the company.

6. To only provide goods and services only as provided for in respect of the preferential Procurement Policy Framework Act of 2000 (Act 5 of 2000).

7. To acquire goods and services only as provided for in this Service Level Agreement.

5. ACTIVITIES OF UGU SOUTH COAST TOURISM

1. Schedule 2 of the Companies Act shall not apply to the Company.

2. Section 86D (2) of the Systems Act shall apply and provides that:

A private company which is a municipal entity –

(a) must restrict its activities to the purpose for which it is used by its parent municipality in terms of Section 86H(1)(a);
(b) and has no competence to perform any activity which falls outside the functions and powered of its parent municipality contemplated by Chapter 8.

3. Section 120 read with Section 104 of the Municipal Finance Management Act shall apply.

4. To render an objectively quantifiable and measureable service to the Parent Municipality.

6. **OWNERSHIP OF COMPANY**

(a) The Company is established and fully owned by the Parent Municipality in terms of Section 86C of the Systems Act, and as such the Parent Municipality holds all the shares therein.

(b) No other party shall be a party to this Agreement, or claim enforceable rights, or obligations from the parties arising from this Agreement, or resulting from the Constitution of South Coast Tourism (Pty) Ltd.

(c) No District or Area Tourism Committee shall have any enforceable rights in respect of the Company.

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7. DUTIES OF PARENT MUNICIPALITY

Sections 93A and 93B of the Systems Act stipulates the following duties of the Parent Municipality with respect to the Company:

1 The parent municipality must:

(a) exercise any shareholder, statutory, contractual or other rights and powers it may have in respect of the municipal entity to ensure that –

(i) both the municipality and the municipal entity comply with the Systems Act, the Municipal Finance Management Act and any other applicable legislation; and

(ii) the municipal entity is managed responsibly and transparently, and meets its statutory, contractual and other obligations as well as the provisions of its own Constitution;

(b) allow the board of directors and chief executive officer of the municipal entity to fulfill their responsibilities; and

(c) establish and maintain clear channels of communication between the municipality and the municipal entity.

2 The Parent Municipality having sole control over the Company must:

(a) ensure that annual performance objectives and indicators for the municipal entity are established by Agreement with the

municipal entity and included in the municipal entity's multi-year business plan in accordance with Section 87(5)(d) of the Municipal Finance Management Act;

(b) must monitor and annually review, as part of the municipal entity's annual budget process as set out in Section 87 of the Municipal Finance Management Act, the performance of the municipal entity against the agreed performance objectives and indicators; and

(c) may liquidate and disestablish the municipal entity –

(i) following an annual performance review, if the performance of the municipal entity is unsatisfactory or due to non-compliance in terms of Section 116(1)(b)(ii) of the MFMA;

(ii) in the event of financial difficulties if the municipality does not impose a financial recovery plan in terms of the MFMA (Municipal Finance Management Act) and the municipal entity continues to experience serious or persistent financial problems; or

(iii) if the municipality has terminated the services delivery Agreement or other Agreement it had with the municipal entity.

(d) If the company is liquidated and/or disestablished: -

(i) take charge and possession of all assets, liabilities, rights and obligations of the company, due to fact that it then vest in the parent municipality; and

(ii) ensure that the staff of the company be dealt with in accordance with applicable labour legislation vis-vis the company; provided, however, that the staff shall have no legal recourse against the Parent Municipality, congruent with the legal position that no contract of employment or any other legal relationship exists between the staff members of the entity and the Parent Municipality

8. POWERS AND DUTIES OF DIRECTORS OF TOURISM

1 In terms of Section 93H of the Systems Act:

(a) the board of directors of Ugu South Coast Tourism shall

(i) provide effective, transparent, accountable and coherent corporate governance and conduct effective oversight of the affairs of tourism;

(ii) ensure that Tourism comply with all applicable legislation Agreements;

(iii) communicate openly and promptly with the parent municipality of Tourism; and

(iv) deal with the parent municipality in good faith.

(v) give effect to the Constitution of the Republic of South Africa.

(vi) ensure that the rights to operate an exclusive Tourism Structure by the parent municipality are upheld.

(vii) attend its meetings punctually and regularly.

(b) A director of South Coast Tourism must at all times act in accordance with the Code of Conduct for directors referred to in Section 93L of the Systems Act.

2 Tourism shall comply with the Systems Act and ensure in terms of Section 93J of the Act, that:

(a) the board of directors of Tourism appoint a Chief Executive Officer (CEO) of the municipal entity.

(b) The chief executive officer of Tourism shall be accountable to the board of directors for the management of the municipal entity.

3. The Municipal Entity shall place considerable resources, time funding and skills to the non-coastal areas within the Municipality and shall develop tourism in rural and tribal areas within the Municipality areas of the District as far as may reasonably possible, and subject to budgets and demand and desirability.

4. In giving effect to clause 9.3 Tourism shall, as far as possible develop websites alerting visitors to places of historical and cultural interest and importance as well as to places in which the bio-diversity or natural surroundings of the area is recognised.

9. THE CHIEF EXECUTIVE OFFICER AND STAFF OF SOUTH COAST TOURISM

1. The Chief Executive Officer of Tourism shall be accountable to the board of directors for the management of Tourism.

2. The Chief Executive Officer as the head of administration of Tourism is subject to the policy directions of the board of directors and is responsible and accountable to the board of directors for: -

   (a) the formation and development of an economical, effective, efficient and accountable administrative unit: -
      (i) equipped to carry out the task of implementing the functions of Tourism;
      (ii) responsive to the needs of the community to participate in the affairs of the Tourism;
      (iii) to deal with subordinate Tourism Communities;
      (iv) to liaise with the Offices of the Municipal Managers of the Municipalities.

   (b) the management of the affairs of Tourism in accordance with the articles of Association and other legislation applicable to the Company;

   (c) the implementation of the Company's development plans, and policies of the company and monitoring of progress with the implementation thereof;

(d) the appointment of staff, other than the senior managers directly accountable to the Chief Executive Officer, and subject to the Employment Equity Act No. 55 of 1998 and shall regulate;

(e) the management, effective utilisation and training of staff;

(f) the maintenance of discipline of staff;

(g) the promotion of sound labour relations and compliance by Tourism with applicable labour legislation;

(h) advising the board of directors of the company;

(i) the drafting of standing rules for Directors and Committees for approval by the Board.

10. ACCOUNTABILITY TO THE UGU COMMUNITY

10.1. Both parties shall facilitate participation by the community in the affairs of Tourism and shall, as far as may be reasonably possible; with further reference to Section 80(2) of the Systems Act: -

10.1.1 develop and maintain a network whereby community satisfaction or dissatisfaction with the work of Tourism is assessed through its committees where practical;

10.1.2 the implementation of national and provincial legislation applicable to the functions of Tourism;

10.1.3 the performance of any other function that may be assigned by the parent company.

10.1.4 Give attention, and preference as far as may be reasonably possible, to the development of Tourism destinations other than within the Coastal areas of the District.

11. SENIOR MANAGERS REPORTING TO THE CHIEF EXECUTIVE OFFICER

1. Section 57 of the Systems Act, read with the necessary amendments thereto, shall mutatis mutandis be applicable to the Chief Executive Officer and the managers directly accountable to the Chief Executive Officer, of the Entity.

2. The upper limits of the salary, allowances and other benefits of the Chief Executive Officer and senior managers reporting to the CEO of the Company shall be determined by the Parent Municipality in terms of Section 89(a) of the Municipal Finance Management Act.

12. MEETINGS OF THE BOARD OF DIRECTORS

1. Section 93I of the Systems Act stipulates that at the Meetings of board of directors and shall sit as a committee as far as may be possible serving the interests of Tourism in the District:

(a) Meetings of the board of directors of Tourism must be open to the Municipal representatives referred to in Section 93D(1)(a).

(b) Municipal representatives referred to in Section 93D(1)(a) have non-participating observer status in a meeting of the board of directors of the Company.

2. Every meeting of directors as a committee shall, be held in the area of jurisdiction of the Parent Municipality in which the company's registered office is for the time being situated.

13. GENERAL MEETINGS OF TOURISM

1. The Mayor or executive Mayor, as the case may be, of the parent municipality may at any time call or convene any meeting of the Board of Directors of the Entity or any other General Meeting of Tourism together with the representative of the parent Municipality or other general meeting of Tourism, and the representatives of the parent municipality, in order for the board of directors to give account for actions taken by it.

2. Should such meeting be called, the Manager or Executive Mayor shall as far as reasonably possible, give written notice of the meeting, and an Agenda for such meeting.

14. REPRESENTATION AT GENERAL MEETINGS OF TOURISM

1. Save as otherwise herein provided, there shall be no less than one (1) of the representatives, mandated by the parent Municipality to

represent it at any General Meeting, and dealt with more fully at clause 16 below.

2. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place, or at which the poll is demanded, shall be entitled to a second or casting vote.

3. All business that is transacted at a general meeting, and all that is transacted at the annual general meeting, shall be deemed to be special business.

3.1 The parties record that it was of paramount importance that the directors of the Entity play a purposeful and ongoing role in the running of the Entity as stipulated in Section 93D of the Act.

3.2 Should it occur that any director of the Company and for any reason whatsoever misses three consecutive committee meetings of the Company, or misses a cumulative total of 3 out of any 5 meetings of the company then;

3.3 The Chairman shall forward a written communication, to be delivered by hand to such director who shall be invited to furnish viva voce reasons at the next sitting of the committee of the Company, or if the Chairman accepts otherwise, written reason to explain his/her ongoing absence from such meetings;

3.4 If no reasons are given on the date designated by the Chairman, or if the reasons given are unacceptable to a quorum

of the meeting of the representatives present; who shall evaluate such reasons reasonably then the Chair shall forward formal communication to the Mayor with a recommendation to have the said Director dismissed as provided for in the Act and with reference to the Companies Act, and a new director shall be appointed in his place as provided for by such aforementioned legislation.

3.5 upon receipt of such communication, the Parent Municipality shall forthwith take a decision with regards to the dismissal or other punishment as deemed fit.

3.6 The provisions of 14.3.1 to 14.3.5 set out hereinabove shall mutatis mutandis apply to the Ugu representative as contemplated in clause 14.1 and the same procedural steps shall apply mutatis mutandis to such representative.

3.7 Should such step be necessary it shall be incumbent upon the Chairperson of the Board of Directors of the Company to immediately alert the Mayor and to liaise further with the Mayor in this regard, who shall thereafter deal with the matter on the basis of urgency and as a fiduciary duty.

15. CODE OF CONDUCT FOR DIRECTORS AND STAFF OF TOURISM

1. In terms of Section 93L of the Systems Act the following applies to the Directors of the Company:

(a) The Code of Conduct for Councilors contained in Schedule 1 of the Systems Act applies.

(b) In the application of item 14 and 15 of the Code of Conduct in respect of the Directors of the Company.

2. In terms of Section 93L of the Systems Act the following applies to any member of Staff (employees) of the Company:
The Code of Conduct for municipal staff members contained in Schedule 2 of the Systems Act applies with the applicable and necessary changes, to members of staff (employees) of the Company.

16. MUNICIPAL REPRESENTATIVES

1. The Parties shall comply with 93D of the Systems Act namely that:

(a) The Council of the Parent Municipality must designate a councilor or an official of the parent Municipality, or both, as the representative or representatives of the Parent Municipality –

(i) to represent the parent municipality as a non-participating observer at meetings of the board of directors of Tourism; and

(ii) to attend Directors meetings and to exercise the parent municipality's rights and responsibilities as a shareholder, together with such other councilors or officials that the council may designate as representatives.

(iii) failure by any representative to attend any such meeting shall be recorded in the minutes of such meeting

(b) (i) The official lines of communications between Tourism and the parent municipality exist between the Chairperson of the board of directors of Tourism and the Mayor or Executive Mayor, as the case may be, of the parent municipality.

(ii) The Mayor or executive Mayor, as the case may be, of a parent municipality may at any time call or convene any meeting of shareholders or other general meeting comprising to board of directors of the Company concerned and the representatives of the parent municipality, in order for the board of directors to give account for actions taken by it.

(iii) The council of a parent municipality may determine the reporting responsibilities of a municipal representative.

(c) (i) A municipal representative must represent the parent municipality faithfully at shareholder meetings, without consideration of personal interest or gain, and shall keep the council informed of –

(a) how voting rights were exercised; and

(b) all relevant actions taken on behalf of the municipality by the representative.

(ii) A municipal representative

(a) must act in accordance with the instructions of the council; and

(b) may be reimbursed for expenses in connection with his or her duties as a municipal representative, but

may not receive any additional compensation or salary for such duties.

(c) is expected to attend all directors meetings punctually and not be absent without prior written notice to the CEO

17. EXISTING AGREEMENT

Save as is provided for herein, any existing Agreements between the Ugu District Municipality and South Coast Tourism and/or Ugu Tourism Association (UTMA) or as between any of the municipalities referred to at Clause 19.1 above, entered into in writing is terminated with effect from the date of signature hereof.

2. This Agreement shall supercede any other Agreements between any Tourism Association, and any Municipality which falls within the Ugu District.

18. DURATION

18.1 This Agreement shall commence on the effective date and shall continue for a fixed period of 5 years, whereafter but subject to the provisions of Section 343 of Act 61 of 1973, a new Agreement must be negotiated between the parties.

18.2 The parties are directed in terms of Section 116(1)(b)iii of the Municipal Finance Management Act to periodically review this contract no less than once every three years

and in terms of Section 116(1)(ii) of the MFMA of the Municipality may terminate this Agreement due to non or under performance.

19. FINANCIAL CONTRIBUTION BY MUNICIPALITY

1. South Coast Tourism shall annually –

1.1 prepare a business plan linked to and taking cognizance of the Ugu District Municipality Integrated Development Plan. This annual business plan shall be submitted to the Municipality which shall be obliged thereafter to provide three periodic payments; such payments shall not necessarily be in equal amounts; subject to its receipt of a payment from National Government which is made annually and shall make over a grant to South Coast Tourism;

1.2 Not more than two (2) months after the end of its financial year, after completion of the annual audit, submit to the Municipal Manager of the Municipality a report on its affairs and activities during the financial year and its audited annual financial statements, which report and financial statements shall be tabled at the next meeting of the Municipality; and

1.3 before or on the date prescribed, submit a budget for the ensuing financial year and a service delivery and budget implementation plan as prescribed, to the Municipal Manager, which budget and business plan shall be considered by the Municipal Council in line with its budgeting process when considering the increase referred to in clause 19.5 below.

1.4 The funds of South Coast Tourism shall consist of –

1.4.1 Grant in Aid from District and Local Municipalities of the Ugu District;

1.4.2 donations, bequests, sponsorships or contributions made to it;

1.4.3 subject to the KwaZulu-Natal Tourism Act, income generated so as to achieve its objects; and

1.4.4 its membership fees;

2 When the annual business plan of South Coast Tourism is so submitted, it shall also submit a comprehensive report on its activities. Without limiting the generality of such report it shall incorporate therein all information which may be called for by the Municipal Manager or other authorised officials of the Municipality. The report shall be comprehensive enough to enable the Municipality to assess whether South Coast Tourism has fully complied with this Agreement, what service levels it has maintained and generally what its performance has been.

3. The parties record that Ugu District Municipality has committed itself to make a financial contribution in line with its Grant-in-Aid Policy to South Coast Tourism from the municipal budget. Ugu shall from its operational grant be permitted to make three draw downs of three financial draw downs per year to benefit the entity.

4. The parties therefore record that the Municipality has committed itself to a base level contribution as a Grant-in-Aid to South Coast Tourism for the duration of this contract period .The amount will be congruent with the annual budget increases of the Municipality, subject to the availability of funding, per annum as it applies to Municipalities and subject; however, to the availability of funds and any unforeseen/impending shortfalls in budgeted revenue.

5. Ugu District Municipality will inform South Coast Tourism by no later than 31 May each year of the approved increase in the base level Grant-in Aid. Monies received by Tourism from Ugu shall be split as to 50% to marketing and 50% as to development in respect of Tourism's expenses.

19.6 Transfer payments shall be effected by the Parent Municipality to the Entity once the following has been achieved:

a) Receipt of periodic Equitable Share transfers (in terms of the Division of Revenue Act) from National Treasury, by the Parent Municipality;
b) Confirmation from the Accounting Officer of the Parent Municipality, that Section 104 (General Reporting Obligations) of the MFMA has been complied with by the Entity; and
c) Receipt of tax invoice from the Entity, requesting draw down, in terms of the approved budget.

20. FUTURE EVOLVEMENT OF SOUTH COAST TOURISM

South Coast Tourism shall, within a reasonable period:

1. Effect such changes as maybe necessary or appropriate for it to function as a Local Tourism Association in terms of the KwaZulu-Natal Tourism Act, 1996 (KwaZulu-Natal Tourism Act, Act 11 of 1996). Without limiting the generality of the requirement, it shall adopt and follow the objects set out in the said Tourism Act, and any other relevant legislation regarding tourism and the local authority.

2. South Coast Tourism is to conduct its activities as laid out in the Memorandum of Association, as per its core business, being tourism marketing and development.

3. South Coast Tourism shall in the course of its daily business, and by way of its Constitution as far as may be permitted; be entitled to procure funding by way of Sponsorships either with reference to:

   (a) a sponsorship panel;
   (b) ad hoc sponsorships.

4. Such sponsorships shall not have to comply with the MFMA or the supply Chain Management Policy subject to Section 93C(a)(iii) of the Systems Act.

5. Sponsorships received by Tourism shall not form part of the ordinary income received by Tourism, and not be subject to any Preferential Procurement policy and shall be treated as sponsorship funding as provided for in the Kwa Zulu Natal Tourism Act, provided that such

sponsorship are recorded in writing, and that all monies paid to Tourism and receipted and banked, unless such sponsorships are not in monetary form, in which event they shall still be recorded by Tourism.

6. If any doubts exist as to whether or not a sponsorship or monies received should be dealt with in terms of the MFMA, this item shall be tabled and minuted and resolved at a director's meeting as defined herein.

21. PREMISES

1. South Coast Tourism has entered into separate formal lease with a Wideprops 118 Pty Ltd 2002/030541/08 (a private landlord) for the sole occupation of the premises at 16 Bisset Street, Port Shepstone for a period not more than 2 years and 11 months, which lease may be renewed by mutual consent between the private landlord and the entity.

22. AUDIT

(a) The parties record that the books and records of South Coast Tourism will be subject to an annual audit and the results thereof made available to the Ugu District Municipality.

(b) For the purposes of cost efficacy, the Municipalities Chief Financial Officer, or his nominated representative will engage the services of the Company Auditors from time to time, who shall prepare an Audit Report, which shall together, with

working papers in support thereof be submitted to the Auditor General in compliance with all statutory requirements.

23. PERFORMANCE EVALUATION

1. The parties agree that the activities of South Coast Tourism will be monitored and evaluated, and record that this Agreement is a Service Level Agreement in which the Parent requires; inter alia:

   1.1 measureable outcomes;
   1.2 flexibility by the Entity;
   1.3 penetration of Tourism into diverse areas and communities within the Municipality;
   1.4 structured planning;
   1.5 compliance with its shareholder interests;
   1.6 compliance with Section 104 of MFMA.

2. The monitoring and evaluation shall be done in accordance with the reasonable requirements of the Municipal Manager of the Municipality, who reserves this right and who is, in any event obliged to comply with Section 87 of the Municipal Finance Management Act. He may legitimately utilize the services of consultants or other experts for this purpose including the conducting of periodic or ongoing and / or annual market research as to the views of the public generally and the members of South Coast Tourism in this regard.

3. The following reports shall be submitted to the Municipal Manager to evaluate the ongoing performance of South Coast Tourism:

3.1 Audited financial statements, within 60 days of South Coast Tourism year end.

3.2 Three annual finance progress reports.

3.3 A quarterly summary activity report detailing:

3.3.1 Information and Provision.

3.3.2 Marketing

3.3.3 Finances.

3.3.4 Development.

Cognizance shall also be taken of:

1. Political
2. Environmental;
3. Economic;
4. Social;
5. Logistical;
6. Quality

consideration of Tourism's role.

4. Board minutes from time to time shall be forwarded to the Municipal Manager.

5. Annual board review of company performance to be forwarded to the municipal manager within 90 days of its year-end. This to include quantifiable and detailed evaluations of the outcome of the chief executive officers key performance areas.

6. Marketing Action Plan

7. Development Action Plan

24. DOMICILIUM AND NOTICES

The parties select their addresses as hereinbefore stated as their respective *domicilia citandi et executandi* for all purposes arising out of this Agreement or the cancellation thereof.

Any notice sent to the *domicilia citandi et executandi of* a party by previous registered post or delivered there by hand shall be deemed to have been received on the fifth business day after posting or on the date of delivery, as the case may be.

Any party may, by written notice to the other, change his *domicilia citandi et executandi* to another physical address (not being a post office box number or poste restante) within the Republic of South Africa and such change shall become effective seven days after the giving of such notice.

All notices which may or may have to be given in terms of this Agreement shall be in writing.

25. JUDICIAL PROCEEDINGS AND DISPUTE RESOLUTION

1. The parties acknowledge that with reference to interpretation of powers and obligations of the parties, and in the event of a dispute between the parties that:
   1.1 This Service Level Agreement shall have application and;
   1.2 The Articles and Memorandum of the Company shall have application.

2. Should a dispute arise at any level between the parties, which cannot be resolved by intervention, of the CEO, the Municipal Manager, and/ or the directors of the Entity, then the parties acknowledge that Chapter 4 of The Intergovernmental Relations Framework Act 113 of 1995 shall have application (Act 113 of 2005).

3. In terms of Section 41 read with 42(2) of Act 113 of 2005,

3.1. Any dispute which may arise between the parties relating to the interpretation, effect or termination of this Agreement or to their rights or obligations in terms hereof shall be submitted for facilitation if any party to the dispute so requires.

3.2. The Facilitator shall then make his/her finding available to the relevant MEC in terms of Section 44 of Act 113 of 2005.

4. The Arbitrator shall be a practising or retired attorney or Senior Government Official who have had not less that 10 (ten) years experience. He she shall be appointed by Agreement between the parties to the dispute, and failing such Agreement, within 7 (seven) days after the date upon which the arbitration is demanded, by the relevant MEC in Kwa Zulu Natal, or his nominee.

26. NON VARIATION

This Agreement shall constitute the entire Agreement between the parties, as to the regulation of the Municipal Entity, and no addition to or variation, consensual cancellation or novation of this Service Level Agreement and no waiver of any right arising from this Agreement or its breach or

termination shall be of any force or effect unless reduced to writing and signed by all the parties or their duly authorized representatives.

27 INTERPRETATION

1.1 Headings of clauses shall be deemed to have been included for purposes of convenience only and shall not affect the interpretation of this Agreement.

1.2 Unless inconsistent with the context, words relating to any gender shall include the other genders, words relating to the singular shall include the plural and vice versa and words relating to natural persons shall include associations of persons having corporate status by statute or common law.

1.3 In the event that any of the provisions of this Agreement or its co-lateral Constitution, are found to be invalid, unlawful or unenforceable, such terms shall be severable from the remaining terms which shall continue to be valid and enforceable.

1.4 This Agreement incorporates the Annexures and Constitution, which Annexures shall have the same force and effect as if set out in the body of this Agreement. The various documents forming part of this Agreement are to be taken as mutually explanatory. In the event of any conflict or inconsistency the provisions contained in the main body of the Agreement will prevail.

1.5 If any provision in a definition is a substantive provision conferring any right or imposing any obligation on any party, then

A.S.M

notwithstanding that such provision is only in this interpretation clause or in a definition elsewhere in this Agreement, effect shall be given to it as a substantive provision of this Agreement.

1.6 When any number of days is prescribed in this Agreement, the same shall be reckoned exclusively of the first and inclusively of the last day unless that last day falls on a Saturday, Sunday or proclaimed public holiday in the Republic of South Africa, in which event the last day shall be the next succeeding day which is not a Saturday, Sunday or public holiday.

1.7 Any reference to an enactment is to that enactment as at the date of signature hereof and as amended or re-enacted from time to time.

1.8 If any provision in this Agreement is in conflict or inconsistent with any law, the invalidity of any such provision shall not affect the validity of the remainder of the provision hereof.

1.9 Where figures are referred to in words and in numerals, if there is any conflict between the two, the words shall prevail.

THUS DONE and **SIGNED** by **UGU DISTRICT MUNICIPALITY** at **Port Shepstone** on this 6th day of April 2010.

A.S.N

AS WITNESSES:

1. _____

2. _____

L. MAHLAKA
MUNICIPAL MANAGER
Duly Authorised

THUS DONE and **SIGNED** by **SOUTH COAST TOURISM** at **Port Shepstone** on this 17 day of May 2010.

AS WITNESSES :

1. _____

2. _____

MICHAEL BERTRAM
CHIEF EXECUTIVE OFFICER –
SOUTH COAST TOURISM
Duly Authorised

UGU DISTRICT MUNICIPALITY

DRAFT IDP, PMS AND BUDGET PROCESS & FRAMEWORK PLAN

2015/2016

Prepared In-house by:

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Development Planning Unit

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GLOSSARY

AG	Auditor General
AIDS	Acquired Immune Deficiency Syndrome
ART	Antiretroviral therapy
ARV	Antiretroviral
BBBEE	Broad Based Black economic Empowerment
CDWs	Community Development Workers
DBSA	Development Bank of Southern Africa
DAEA	Department of Agriculture and Environmental Affairs
DEAT	Department of Environmental Affairs and Tourism
DFA	Development Facilitation Act
CoGTA	Department of Cooperative Government and Traditional Affairs
DM	District Municipality
DoHS	Department of Human Settlement
DWAF	Department of Water Affairs & Forestry
EIA	Environmental Impact Assessment
EKZNW	Ezemvelo Wildlife
EMF	Environmental Management Framework
EMP	Environmental Management Plan
EPWP	Expanded Public Works Programme
FBS	Free Basic Services
FET	Further Education and Training
HH	Households
HIV	Human Immune-deficiency Virus
HR	Human Resources

ICMA	Integrated Coastal Management Act
ICT	Information Communications Technologies
IDP	Integrated Development Plan
IDPRF	Integrated Development Plan Representative Forum
IGR	Inter Governmental Relations
ISRDP	Integrated Sustainable Rural Development Programme
IWMP	Integrated Waste Management Plan
LED	Local Economic Development
LGSETA	Local Government SETA
LM	Local Municipality
LRAD	Land Redistribution Programme
LUMS	Land Use Management System
GDS	Growth and Development Strategy
LUMF	Land Use Management Framework
MDG	Millennium Development Goals
MIG	Municipal Improvement Grant
MSIG	Municipal Systems Improvement Grant
NEMA	National Environmental Management Act
NSDP	National Spatial Development Perspective
PGDS.	Provincial Growth and Development Strategy
PMS	Performance Management System
PSEDS	Provincial Spatial Economic Development Strategy
SANRAL	South African National Roads Agency Limited
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
SEA	Strategic Environmental Assessment
STATSSA	Statistics South Africa
VCT	Voluntary Counselling and Testing

GLOSSARY OF LEGISLATIVE ENACTMENTS

The Constitution	Republic of South Africa's Constitution, Act 108 of 1996
The Systems Act	Municipal Systems Act, No 32 of 2000
The Structures Act	Municipal Structures Act, No 117 of 1998
DFA	Development Facilitation Act, No 67 of 1995
MFMA	Municipal Finance Management Act, No 56 of 2003

SECTION A: FRAMEWORK PLAN

1. Introduction and Background

An IDP is one of the key tools for Local Government to achieve its developmental role and seeks to arrive at decisions on issues such as municipal budgets, land management, promotion of local economic development, and institutional transformation in a consultative, systematic and strategic manner. The Ugu District Municipality is in a process of developing a comprehensive 5 year Integrated Development Plan (IDP) in terms of Chapter 5 of the Municipal Systems Act, 2000.

1.1. Legislative Requirement

In terms of Chapter 5, Section 34 of the Municipal Systems Act, 2000 it requires that all municipalities to annually review and amend its IDP in accordance with an assessment of its performance measurements, Section 41 of the Act requests the inclusion in to the extent that changing circumstances so demand. Section 26 of the Act also describes the Core components of integrated development plans. Section 28 stipulates that the Municipal Council must adopt a process to guide the planning, drafting, adoption and review of its IDP. The Municipal Finance Management Act, No.56 of 2003 (MFMA), Section 21 (1) (b) prescribes that the Mayor must table in the Municipal Council a time schedule outlining the key deadlines for the preparation, tabling and approval of the annual budget, annual review of the IDP as well as the budget related policies and related consultative processes, approval of the annual budget, annual review of the IDP as well as the budget related policies and related consultative processes.

The Process Plan of the District and its Local Municipalities need to be prepared in line with this IDP Review Framework Plan as agreed to by all the Municipalities in the District. The IDP Process Plan provides guidance with respect to the programme of action that has to be followed during the IDP development process. The purpose of this process plan is to identify and detail the elements identified in the Framework Plan and set out the specific time frames in which all activities should be achieved.

Ugu District Municipality (DC 21) has six category B municipalities under its jurisdiction. The six local municipalities are:

- KZN 211 Vulamehlo
- KZN 212 Umdoni
- KZN 213 Umzumbe
- KZN 214 Umuziwabantu
- KZN 215 Ezinqoleni

- KZN 216 Hibiscus Coast.

The Process Plan and Framework Plan are two distinct documents which talk to each other.

1.2. What is a District Framework Plan?

The objective of a Framework Plan is to ensure that the processes of both the District and Local Municipalities' IDP development and reviews are mutually linked and do inform each other. The Framework Plan is to be used by all municipalities in the district as a basis for drafting their process plans; the framework plan has to be agreed by all local municipalities. The Framework Plan binds the District and Local Municipalities.

The Framework Plan specifies the roles of different role players in the IDP process and determines procedures for coordination, consultation and alignment between the district and the local municipalities. The Framework Plan guides each municipality in preparing its Process Plan.

1.3. Underlying Approach to the Framework Plan

The Framework Plan as stipulated in Section 27 (2) of the Municipal Systems Act of 2000 identifies the following:

- Identify plans and planning requirements that bind the District and Local Municipalities in terms of national and provincial legislation.
- Identify matters that require alignment between the District and Local Municipalities.
- Specify the principles to be applied and coordinate the approach to be adopted in respect of the matters identified.
- Determine procedures for consultation between the municipalities during the process of drafting their respective IDPs and to effect essential amendments to the framework.

1.4. What is the Process Plan?

The Process Plan fulfils the function of a "business plan", it therefore details and sets out timeframes to the processes that will be followed during the IDP development stages ensuring that all aspects are covered on time for adoption. The Process Plan must also consider and include amongst others what has been set out in the Framework Plan, the MEC comments, Council priorities, Draft IDP Assessments and Self Assessments, community input etc.

In terms of Section 34 of the MSA:
A municipal council-

(a) must review its integrated development plan-

(i) annually in accordance with an assessment of its performance measurements in terms of section 4i; and

(ii) to the extent that changing circumstances so demand; and

(b) may amend its IDP in accordance with a prescribed process

In order to ensure effective IDP development during this new 5 year plan, the municipality must prepare and adopt an IDP Process Plan which must be reviewed annually. The preparation of a Process Plan for the annual review is referred to in chapter 5, Section 28 of the MSA as follows:

Adoption of a process-

(1) Each municipal council, within a prescribed period after the start of its elected term, must adopt a process set out in writing to guide the planning, drafting and *adoption and review of its integrated development plan.*

In all the Process plan must indicate what has to happen, when, by whom, with whom and where, and it should include cost estimates.

1.5. Alignment of Government Policies and Plans

Alignment of government policies and plans is crucial in strategic planning. Therefore the relevant binding and non-binding national and provincial policies including, programmes and strategies need to be considered in the municipal development planning process and interventions. The key mandates relevant to the municipal context in co-operative governance will be considered and addressed. These includes amongst others, Provincial Growth and Development Strategy, the New Growth Path, the MTSF as stipulated bellow.

2. Institutional Arrangements for the IDP

This institutional arrangement is set out to ensure the following:

- Institutionalization of the participation process
- Effective management in the drafting of objectives and
- To give affected parties access to contribute to the decision-making process.

Organizational structure of the Ugu District Municipality IDP development process is illustrated in Figure 1.

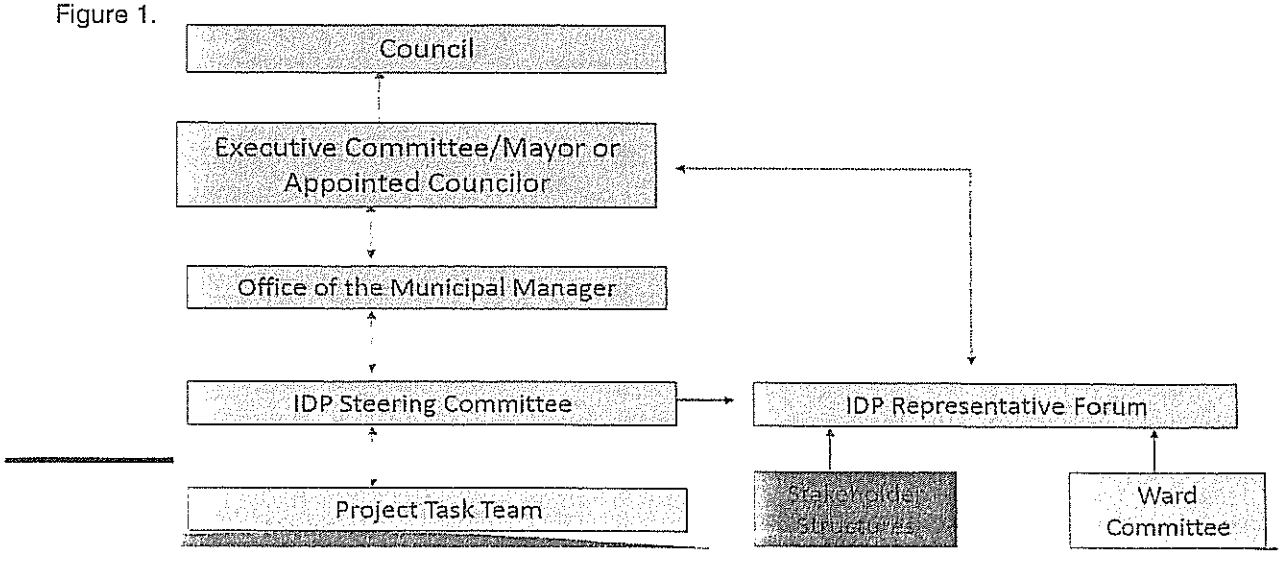


Fig 1: Organisational Arrangements

2.1. Council

The Council is the political decision-making body of the municipality and with regard to the 2015/16 IDP review will:

- Consider comments made in the 2014/15 IDP Review Process and adopts a new Framework / Process Plan (FP / PP);
- Ensures the consideration of the national and provincial budgeting processes as well as inform the municipal budgeting process;
- Adopts the final IDP or IDP Review by the end of June annually; and
- Approves Sector Plans upon their completion

The Council follows the following critical generic dates annually:

- Finalisation & adoption of FP's and or PP's between **July and Sept**;
- Submission of draft IDP & budget to COGTA & Provincial Treasury in March;
- Finalisation and adopts IDP / IDP Review in June.

2.2. EXCO

- Responsible for overseeing the IDP Review process;
- Political responsibility and accountability regarding the IDP Review process.

2.3. Mayor

- Responsible for overseeing the IDP Review process, tabling and approval of the IDP process;
- Political responsibility and accountability regarding the IDP Review process.

2.4. Office of the Municipal Manager

The Municipal Manager or IDP Manager on his behalf is the responsible person for championing the Integrated Development Planning process.

IDP Manager falls under the office of the Municipal Manager and:

- Chair IDP Steering Committee meetings;
- Prepare FP and/or PP;
- Are responsible for management and co-ordination of IDP process;
- Respond to comments on the IDP;
- Avails documents to inform the IDP process;
- Promote involvement of all stakeholders; and
- Adjust the IDP according to the MEC's proposals.

2.5. IDP STEERING COMMITTEE

The Ugu District Municipality took a decision that the Management Committee and extended Management Committee will fulfill the role of IDP Steering Committee.

The composition of the IDP Technical Committee will have to take the manageability of a working committee into consideration and should preferably be chaired by the accountable or responsible official for IDP (Municipal Manager or IDP Manager).

2.5.1.Terms of Reference for the IDP Steering Committee

The technical committee will be an internal committee made up of the full management component of the municipality. It also serves to improve the participation of internal staff members in the IDP process and should result in better understanding and buy-in in the process. The committee will be responsible for, amongst other things, to;

- Consider all work and documentation that needs to be submitted to the IDP Steering Committee;
- Ensure the validity and technical correctness of the information presented to the other important IDP stakeholders; and
- Ensure the integration of the IDP policies, objectives, strategies and projects into the daily functioning and planning of the municipality.

2.5.2.Schedule of Steering Committee Meetings

The meetings of the IDP Steering Committee will sit as per the schedule of MANCO and extended MANCO as and when IDP issues needs to be addressed.

2.6. IDP Representative Forum

The IDP Representative Forum (IDP Rep Forum) is constituted as part of the preparation phase of the IDP and continues its functions throughout the annual IDP Review process. The proposed composition of the IDP Rep Forum is as follows:

- Councillors
- Traditional leaders
- Ward Committee Chairperson
- Senior municipal officials
- Stakeholder representatives of organised groups
- NGO's
- Advocates of unorganised groups
- Resource persons

- Other community representatives
- National and Provincial Departments regional representatives
- Parastatal organisations

2.6.1.Terms of Reference for the IDP Representative Forum

The summarised terms of reference for the IDP Representative Forum could be based on the composition of the constituency's interests in the IDP process, and is proposed to be as follows:

- Represent the interest of the municipality's constituency in the IDP process
- Provide an organisational mechanism for discussion, negotiation and decision making between the stakeholders inclusive of municipal government
- Ensure communication between all the stakeholder representatives inclusive of municipal government
- Monitor the performance of the planning and implementation process

2.6.2.Schedule of IDP RF Meetings

The IDP RF meetings are scheduled to sit bi-monthly as follows

2014			2015		
AUGUST	OCTOBER	NOVEMBER	FEBRUARY	APRIL	JUNE
23	25	22	TBC	TBC	TBC

2.7. Project Task Team

- Acts as support to the IDPF
- Effective management in the drafting of objectives and
- To give affected parties access to contribute to the decision-making process.
- Ensure vertical and horizontal alignment of programs and projects
- Monitoring and evaluation of programs and projects

2.8. DISTRICT Development Planning FORUM (DPPF)

- Provide relevant technical, sector and financial information regarding their municipality;
- Facilitate vertical alignment between DMs and LMs;
- Facilitate horizontal alignment with sector department and public utilities.

2.8.1.Schedule of DDPF Meetings

The DDPF meetings are scheduled to sit bi-monthly as follows

2015			2016		
JULY	SEPTEMBER	NOVEMBER	FEBRUARY	APRIL	JUNE
11	12	14	14	11	14

2.9. Development Planning Unit

- Responsible for the compilation on overseeing on the IDP document
- Monitoring and evaluation

3. Roles and Responsibilities

3.1. Role Players

Table 1 & 2 captures the internal and external role players that have been identified to ensure a successful and useful IDP Process within the municipality. Each of these role players will contribute immensely to the success of the 5 year IDP.

3.2. Internal Role-players

- Council and the Executive Committee;
- Mayor;
- IDP Representative Forum
- IDP Cluster
- IDP Steering Committee;
- Extended Top Management
- Top Management;
- IDP Manager.

3.3. External Role-players

- National, Provincial Government Departments and Local Municipalities;
- State Owned Enterprises
- Planning professionals/facilitators;
- Civil Society Organisations.
- Amakhosi
- IDP Clusters

3.4. ROLES AND RESPONSIBILITIES

As with the preparation of the IDP the main roles and responsibilities allocated to each of the internal and external role players are set out in table.1 and table .2 respectively. The tables

provide an indication of the various roles and responsibilities of the different groupings relating to specifically the IDP Review, PMS and Budgeting processes.

Table 1: Internal Roles and Responsibilities

Role Player	Roles and Responsibilities	Function
Council	✓ Final decision making ✓ Approval of the IDP documentation. ✓ Coordination roles for local municipalities. ✓ Ensuring horizontal alignment of the IDP's of the municipalities in the district council area. ✓ Ensuring vertical alignment between the district and local planning. ✓ Facilitation of vertical alignment of IDP's with other spheres of government and sector departments. ✓ Provide events for joint strategy workshops with local municipalities, provincial and national role players and other subject matter specialists. ✓ Linking the IDP process with their constituencies ✓ Organising public participation.	IDP
	✓ Final decision making ✓ Consider and adopt final report. ✓ Consider and approve the performance agreement of the MM ✓ Popularising PMS within their constituencies	PMS
	✓ Final decision making ✓ Approve the budget before the start of the financial year. ✓ Council to approve unforeseen and unavoidable expenses ✓ Approve Service Delivery and Budget Implementation Plan	BUDGET
Mayor	✓ Responsible for overseeing the process ✓ Political responsibility and accountability regarding the process	IDP
	✓ Establishing the performance agreement for the Municipal Manager in terms of the PMS. ✓ Determine KPA's for MM based on institutional KPI's. ✓ Determine the performance objectives and targets that the MM must meet in relation to the KPA's. ✓ Negotiate the performance objectives and targets that the MM must meet. ✓ Submit draft performance agreement for the MM via EXCO to the Council for consideration and approval. ✓ Conclude and sign performance agreement with the MM on behalf of Council.	PMS
	✓ Table budget to Council at least 90 days before the start of the financial year. ✓ Table budget timetable to Council. ✓ Report authorization of unforeseeable and unavoidable expenses at Council meeting after having authorized such expenses. ✓ Submit SDBIP to Council, 14 days after approval of budget ✓ Ensure conclusion of management's performance agreements. ✓ Ensure that the management's performance agreements are made public. ✓ Submit to Council an annual report within 7 months after the end of the financial year.	BUDGET
Ugu Municipal	✓ Provide technical/sector expertise through the IDP Steering Committee (Senior	IDP

Role Player	Roles and Responsibilities	Function
Officials	officials) ✓ Prepare selected Sector Plans. ✓ Provide comments on the IDP document as members of staff	
	✓ Setting KPI's for administrative components and service providers. ✓ Prepare progress reports- Top management: Monthly ✓ Reporting on the performance measures. ✓ Verification of interim PMS measurement results.	PMS
Municipal Manager	✓ Decide on planning process. ✓ Monitor process. ✓ Overall Management and co-ordination.	IDP
	✓ Submission of annual performance report to Council for approval. ✓ Submission of audit to Council ✓ Submit report to the Council about mechanisms, systems and processes for auditing the results of performance measurements as part of the internal auditing process. ✓ Establishment of a performance audit committee. ✓ Entering into performance agreements with departmental heads. ✓ Performance monitoring ✓ Submission of approved annual performance report, together with financial statements, to the Auditor General. ✓ Receive external Auditors report. ✓ Submission of audit report via EXCO to Council within 1 month of receipt. ✓ Within 14 days of adopting the annual report: ✓ make copies available to the public and the media; ✓ submit a copy of the report to the MEC for local government in the province; ✓ submit a copy of the report to the Auditor General and any other institutions prescribed by regulation.	PMS
	✓ Give notice of bank account to National Treasury (NT) and Auditor General (AG). ✓ Supply NT and AG with list of bank accounts. ✓ Table consolidated report of all withdrawals from bank account to Council within 30 days after the end of each quarter. ✓ Submission of draft budget implementation plan to Mayor within 14 days after approval of the budget. ✓ Perform mid-year performance assessment of the municipality and the submission of the report to the Mayor. ✓ The submission of the annual financial statements to the AG within two months after the end of the Financial Year. ✓ Submission of annual oversight reports to the Provincial Legislature within 7 days after adoption by Council.	BUDGET
IDP Manager	✓ ensure that the Process Plan is finalised and adopted by Council; ✓ Day-to-day management of the IDP process ✓ Ensure continuous and improved participation of role players through IDPRF and other means; ✓ Prepare documentation and submissions; ✓ co-ordinate the preparation of the Sector Plans and their inclusion into the IDP documentation; ✓ co-ordinate the inclusion of the Performance Management System (PMS) into the	IDP

Role Player	Roles and Responsibilities	Function
	revised IDP; ✓ Submit the reviewed IDP to the relevant authorities.	
	✓ Day-to-day management of the process ✓ Performance management review planning and preparation. ✓ Prepare documentation and submissions; ✓ ensure that the Process Plan is specialise and adopted by Council; ✓ Day-to-day management of the IDP process	PMS
	✓ Interact with Budget Officer for alignment of processes ✓ Ensuring IDP process conducted timeously for budgeting purposes	BUDGET
Manager: Budget Office	✓ Interact with IDP manager to ensure processes are aligned ✓ Ensuring budget proposals in line with IDP	IDP
	✓ ensure that the Process Plan is specialise and adopted by Council; ✓ Day-to-day management of the budgeting process ✓ Make information available to staff members for budgeting purposes ✓ Prepare documentation and submissions; ✓ Ensure draft budget is in place for submission to Council.	BUDGET

Table 2: External Roles and Responsibilities

Role Player	Roles and Responsibilities
Planning Professionals	✓ Specialist & targeted input. ✓ Facilitation of planning workshops. ✓ Sector Plans. ✓ Documentation.
Representative Forum/Civil Society	✓ Representing interest and contributing knowledge and ideas. ✓ Identify and priorities community needs ✓ Provide comments on the IDP document
Government Departments	✓ Provide data and information. ✓ Budget guidelines. ✓ Alignment of budgets with the IDP. ✓ Provide professional and technical support (sector specialization)
Amakhosi	✓ Provide traditional leadership ✓ Joint planning ✓ Makes land available ✓ Provide data and information
Communities	✓ Joint planning ✓ Provide data and information. ✓ Identifies community issues and needs ✓ Priorities needs ✓ Monitors the implementation of projects
Local Municipalities	✓ Joint planning ✓ Alignment of budgets with the IDP ✓ Documentation

Role Player	Roles and Responsibilities
	✓ preparation of the Sector Plans ✓ communication with civil society

4. Mechanisms and Procedures for Participation and Alignment

4.1. Functions and Context of Public Participation

Four major functions can be aligned with the public participation process namely:

- Needs orientation;
- Appropriateness of solutions;
- Community ownership; and
- Empowerment.

Like with the preparation of the IDP, the public participation process in the IDP phases has to be institutionalised in order to ensure all residents have an equal right to participate. The public participation process during the IDP development phase is closely linked to the activities of developing the municipal IDP, such as contributing to the municipal issues, objectives, ensuring the appropriateness of municipal strategies and forming part of project development task teams.

The completed performance management system (PMS) for the municipality will contribute to the public participation process, through regular information and consultation workshops and the preparation and audit of performance reports.

The importance of alignment is crucial as part of the 2014 / 2015 IDP Process. Alignment in terms of Spatial Development Frameworks, Land Use Management Systems (LUMS), crosses boarder and institutional alignment between the municipality and the various processes ongoing at national and provincial government levels.

4.2. Mechanisms for Participation

Municipalities will confirm the following mechanisms for participation:

4.2.1.IDP Representative Forum (IDP Rep Forum)

This forum will represent all stakeholders and will be as inclusive as possible. Efforts will be made to bring additional organisations into the Rep Forum and ensure their continued participation throughout the process.

4.2.2.Media

Local newspapers will be used to inform the community of the progress of the 2015/2016 IDP development.

4.2.3.Ward Committees

These forums will provide open dialogue between the municipality and the community. The municipality will provide regular support to the committee and will attend meetings per invite.

4.3. Procedures / Process for Participation

4.3.1.Council

The Council will consider, for comments, a draft 2012/2013 IDP document by December 2011. This will ensure inclusion into the national and provincial budgeting processes as well as inform the municipal budgeting process. The final IDP document will be adopted by May 2015 together with the municipal budget. Sector Plans will be approved by Council on their completion.

4.3.2. EXCO

- Responsible for overseeing the IDP process;
- Political responsibility an accountability regarding the IDP process.

4.3.3. MAYOR

- Responsible for overseeing the IDP Review process, tabling and approval of the IDP process;
- Political responsibility and accountability regarding the IDP Review process

4.3.4.IDP Representative Forum

In order to ensure maximum participation in the Rep Forum meetings from members of the public, representatives and relevant government officials, it is recommended that Rep Forum meetings are scheduled as and when required during the key stages of the IDP Process:

- The first Rep Forum meeting will involve a presentation of this Process Plan focusing on identifying areas to be addressed in the IDP Phase.
- Following the Rep Forum, workshops will be held to provide feedback on the IDP Process, acquire input from the Rep Forum members and to ensure participation in all activities such as PMS, LUMS and Budget development of the 2011/2012 IDP Review Process.

4.3.5.IDP Steering Committee

- Provide technical/sector expertise in IDP process;

- Ensure preparation of Sector Plans relating to their functional areas;
- Provide comments on the IDP document;
- Ensure preparation of cross dimensional issues, strategies and plans;
- Identify key needs to meet strategies, objectives for budgeting.

4.3.6.District Planners Forum

- Provide relevant technical, sector and financial information regarding their municipality;
- Facilitate vertical alignment between DMs and LMs;
- Facilitate horizontal alignment with sector department and public utilities;
- Provide developmental planning input
- Self assessment of district IDP documents

4.3.7.Newspapers

Two newspaper adverts will be posted, the first one at the beginning of the process inviting the public to participate, the second advert will be posted once draft budget and IDP are in place inviting the public to comment and to comply with legislative requirement to advertise for 21 days for the public, once 21 day period has lapsed, the final draft will be sent to Council for approval.

4.3.8.Roadshows / Izimbizo

They will be held in 3 venues (on average) per municipality for all 6 six local municipalities. They will be held in March to May 2015 to consider draft IDP and budget including the announcement of municipal programme of action. The municipality is to look at a more friendly approach so that elements raised are fully included in the strategic document. The language is also believed to be a barrier so the se should be conducted in languages that best suit the majority so as to increase meaningful participation.

The meetings in 2015/2016 financial year will focus on the needs that the community have rather than the projects that the community proposes.

How many meetings

Two meetings per ward in the venues that are accommodative to most of the community members. In other words these meetings will make a clear distinction between what is needed by the community and what can be done. There after the municipal officials together with the community will identify the support required in addressing the community needs.

Types of meetings

The focus of the meetings will ensure that many community members participate in the process; however the quality of the input will not be compromised. This is because one of the challenges

within the participation process is that in some of the instances people do not contribute meaningfully in the participation process. The quality of the contribution will be ensured by having the group breakaways within the meetings. In addition to that within the invitations there will be specific invitations that will be sent to the civil society organisations.

There will be two types of meetings with the first meetings being aimed at confirming the communities' current priority issues. From the community issues these will then be budgeted for. There after the second set of meetings will be the IDP Budget road shows aimed involving the communities within the budgeting process. However a dialogue will be formed between the municipality and the community through ward meetings/community forums.

With who

These meetings will target all the community members within the Ugu district municipality. This in one way or the other will allow the community to be involved rather than informed about the development planning process.

Objectives

Move towards a community needs driven development with the community being involved both in the planning and budgeting process.

By When

These will be completed by May 2015. Ongoing dialogue is also being encouraged.

4.3.9.RADIO SLOTS

These are mainly used by the political leadership. These are recommended where possible if they suit the municipality's programme financially and otherwise.

SECTION B: PROCESS PLAN

5. Section One: 2015 / 2016 IDP Action Programme

5.1. Municipal and Provincial Budget and IDP Review Alignment

Legislation requires of district municipalities to prepare and adopt a Framework Plan which indicates how the district and local municipalities will align their IDPs. The Framework Plan provides the linkages and binding relationships to be established between the district and local municipalities in the region and in doing so, proper consultation, coordination and alignment of the IDP review process within the district and the various local municipalities can be maintained.

Every attempt has been made in this Process Plan to align the IDP and Budget preparation process, and the Performance Management System (PMS) review. The linkages of the three processes are summarised in

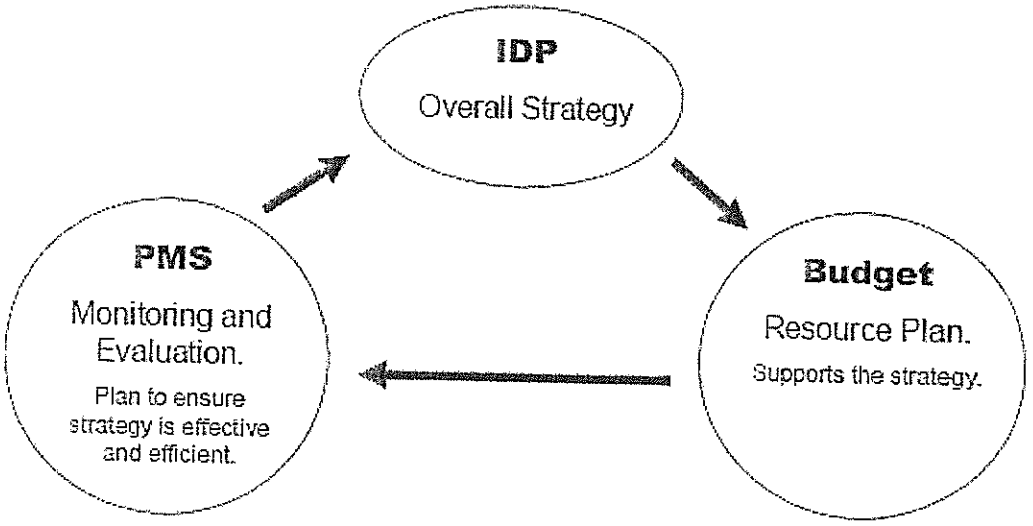


Fig 2: IDP, Budget & PMS Aligment

The 2015/2016 IDP Action Programme is based on the alignment of the internal municipal processes (IDP, PMS and Budget) with the external processes (planning and budgeting) of national and provincial

government. This alignment has a substantial impact on the 2015/2016 IDP Process, specifically in terms of key milestones and deadline dates. The Municipal Finance Management Act (MFMA) No 176 of 2004 also has a direct and large impact on the 2015/ 2016 IDP Review Process in terms of alignment. Section 1.4 in the Process Plan indicates to the municipal and provincial budget and IDP alignment process, which also points to the critical dates for IDP and budget approval and development.

5.2. Horizontal, Vertical and Cross Border Alignment

The IDP forum, District Development Planning Forum (DDPF), MTSF Cluster meetings etc. will provide a platform/Mechanism for discussion on vertical, horizontal and cross border alignment issues since the three spheres of government are represented at the forum. Special strategic planning sessions and workshops will also be held.

5.2.1.Horizontal Alignment

Alignment of the district IDP with the local municipalities is very important to ensure that there is a sharing of information – particularly with regards to strategies, objectives, programmes and projects, and it will be undertaken through the DDPF meeting which sits on bi-monthly basis. The frequent DDPF meetings will assist the district family to monitor alignment issues constantly.

5.2.2.Vertical Alignment

Alignment with Service Providers is essential so as to ensure that the DM and LM's priorities can be reflected in their project prioritisation process, as well as so that Service Provider projects can be reflected in the IDP documentation. Alignment with Sector department and Service providers will also take place as it is essential in order for the District family to have consistence planning and also priorities can be indicated in their project prioritization. This will be undertaken through meetings or one-on-one basis. The district holds its IDP RF meetings on a bi-monthly basis.
Department of Cooperative Government will also be having a district wide alignment session with all the Sector Departments for the Ugu District area of jurisdiction on the **20th of November 2014.**

5.2.3.Cross Border Alignment

Cross-border alignment is necessary to ensure the spatial coordination of development efforts. This can be done through existing organisational structures such as the District Development Planning Forum and IDP RF. A concerted effort will be made to facilitate such alignment and coordination.
Ugu District Municipality will further arranging one on one meetings with cross border district municipalities to align and integrate issues of functional areas on the IDP and Spatial Development Framework. It will also assist the municipalities to align development issues in an

efficient, effective and sustainable manner especially where there are shared and interdependent functional areas across the district. The one on one cross border meetings will be arranged with Alfred Nzo, Sisonke, Umgungundlove Districts and eThekwini Metro municipalities.

5.3. Integrated Development Planning & Budget:

The budget planning cycle considers a review of the IDP, service delivery targets and objectives for the next 3 years. It also considers local, provincial and national issues, previous year's performance and current economic and demographic trends. It is essential that such alignment is indicated so that the municipality can be able to ensure that all budgeted projects are implemented within the budget year whilst continuing to outsource funding for those projects which are non-funded.

5.3.1.Key Budget Dates for 2015 / 16

The key budget dates for the 2015/16 financial year are captured in Table 3. The Budgetary Process will address the various budget requirements and focus areas identified through self-assessment, i.e. compliance issues. The spotlight is on the alignment of the Budget to the IDP, Organisational PMS and SDBIP.

Table 3: Key Budget Dates

KEY BUDGET DATES		
DATE	ACTIVITY	RESPONSIBILITY
Aug 2014	Budget Framework **Preparation of budget framework to provide parameters and request budget inputs for the 2015/16 budget**	CFO
Oct 2014	Submission of three year capital plan to National Treasury	CFO
Oct 2014	Preliminary community engagement process	CFO
February 2015	Budget Review **Review of current budget and preparation of adjustment budget**	MANCO
February 2015	Submission of Budget Inputs **HODs to submit departmental budget inputs** **Capital projects submitted through IDP process**	HODs
March 2015	Budget Discussion Document **Compile discussion document from inputs and submit to EXCO and MANCO**	CFO
March 2015	Budget Workshop **Discuss budget inputs, link capital and operational plans to IDP and determine preliminary tariffs**	EXCO MANCO
March 2015	Draft Budget **Submit draft multi-year operational and capital budget to Council, Provincial Treasury, DLGTA and National Treasury**	CFO

April 2015	Public Consultation Process **Public consultation on draft budget throughout the district**	MAYOR EXCO MM
May 2015	Respond to Public Comments **Responding to public comments and sector comments and incorporate recommendation into draft budget where possible**	MAYOR CFO
May 2015	Approval of Final Draft Budget **Approve draft multi-year operational and capital budget**	COUNCIL
June 2015	Advertising **Publications of approved budget and promulgation of water tariffs**	MM CFO
June 2015	Submission of Budget **Submit approved budget to Provincial Treasury, DLGTA and National Treasury**	CFO
June 2015	Compile SDBIP **Compilation of service delivery and budget implementation plans (SDBIP) and submit to Council for approval**	MAYOR MM

5.3.2.Key elements to be addressed during the review process

The following is a summary of the main activities to be undertaken during this IDP Review 2015/2016 process:

- Comments received from COGTA in the assessment of the IDP 2014/2015 Review held on 17 April 2014;
- Areas requiring additional attention in terms of legislative requirements that were not addressed during the previous years of the IDP process;
- Consideration, review and inclusion of any relevant and new information such as New Council priorities;
- Shortcomings and weaknesses identified through self-assessment;
- Review and updating of the strategies and objectives as circumstances dictate;
- Review and updating of Water and Sanitation Backlogs;
- On-going alignment of the iLembe IDP to the PGDS and PDP, Outcome 9, MTAS, COP17 and other relevant National and Provincial development guidelines and policies;
- Review and updating the Sukuma Sakhe/ War on Poverty and War Rooms on a monthly basis;
- As part of reviewing the IDP and expanding from the objectives of the Spatial Development Framework and District Spatial Economic Development Strategy, the District is in the process of preparing iLembe Regional Spatial Economic Development Plan (IRSEDP). The Plan will be aligned to the current SDF;
- Preparation, review and alignment of relevant sector plans with the IDP.
- On-going alignment of the Municipality's Performance Management System in terms of Chapter 6 of the MSA, with the IDP.
- Update of the Financial Plan as well as the list of projects, inclusive of a 3-year Capital Investment Framework (CIF).

5.4. Performance Management

The process plan and its activities will be monitored in the Municipality. The PMS will be developed and will be reported by both internal and External Role players through the following strictures: Top Management, Extended Top Management and IDP Forum.

5.4.1. Performance Management Systems Dates 2015 / 16

The key Performance Management System dates are summarised in Table 4 below.

Table 4: Performance Management System Dates

PERFORMANCE MANAGEMENT SYSTEMS DATES	
ACTIVITIES	TIMELINE / TARGET DATES
Approval of the draft PMS Review 2015/16	Before end of July 2014
Advertise and adopt PMS Review 2015/16	29 August 2014
Advertise 2015/16 SDBIP	Mid-July 2014
2013/14 Annual Municipal Performance Report	August 2014
Sect 57 Managers signing of 2015/16 performance agreements	Due by 31July 2014
SDBIP performance assessment and organisational performance reporting (Jul – Sept)	October 2014
Sect 57 Managers formal mid-year appraisals (Oct - Dec)	January 2015
Mayor tables 2014/15 annual report to Council	Due by 31 January 2015
SDBIP performance assessment and organisational performance reporting (Oct – Dec)	January 2015
IA reporting and Special AC meeting (audit of mid-year performance assessment)	March 2015
SDBIP performance assessment and organisational performance reporting (Jan – Mar)	April 2015
Make public annual report and invite community inputs into report	21 days in Feb 2015
Council to adopt Oversight Report	Due by 31 March 2015
Publicise Annual Report and Submit copy to Provincial Legislature	Mid-April 2015
Draft and submit draft performance agreements to Mayor	June 2015

5.5. Action Programme

Table 5 provides the detailed action plan for the 2015 / 2016 IDP. The action plan is broken up into the 4 quarters of the municipal financial year with activities reflecting being either IDP, PMS or Budget

related with budget Estimates. The development of the 2015/16 IDP review will be done in five phases as outlined in **5.5.1.** to **5.5.6.**

5.5.1. Prepatory Phase

This is a phase in which the municipality positions itself to comply with the policy and legislature requirements that guide the IDP process. The local municipalities are guided by the common district IDP Review Framework Plan and each local adopts a process plan set out in writing.

The Drafting and approval of the IDP Framework and Process Plan is the deliverable of this phase and will take place between **July and August 2014.**

5.5.2. Analysis Phase

This is the phase which deals with the existing situation in a municipality and focused on understanding the types of problems / challenges facing the communities in each municipality. Once these are identified the municipality then considers community's opinion of their problems and needs, but also facts and figures. The cause of the problem rather than the symptom should be well understood. It is also critical for the municipality to prioritise the key issues, due to capacity constraints.

The deliverable of this phase is **Chapter 3: Situational Analysis**, of the IDP and will take place between **September and November 2014** and will inform the strategic phase.

5.5.3. Strategic Phase

This is the phase whereby the municipality formulates the solutions to address the problem or challenges that have been identified in the analysis phase, once it understands the problem. It includes the formulation of the vision that would reflect ambitious, credible, inspiring and achievable statements about the future of the municipality. Then statements are developed (developmental objectives) of what it would like to achieve in the medium term in order to address the problem issues and also contribute to the realisation of the vision. Once all of that is in place, the strategies that provide answers to the question how they will reach their objectives needs to be then developed. Once strategies are formulated they result in the identification of projects.

The deliverable of this phase is **Chapter 4: Development Strategies**, of the IDP and will take place between **November and December 2014.**

5.5.4.Project Phase

This is the phase that is about the design and specification of projects for implementation. The projects identified need to have a direct linkage to the priority issues and the objectives

that were identified in the preceding phases. The location, commencement & completion dates, project managers, project costs, sources of funding for each project as well as the intended beneficiaries of these projects are captured.

The deliverable of this phase is **Chapter 5: Implementation Plan**, of the IDP and will take place during **December 2014 and January 2015**.

5.5.5. Integration Phase

This phase deals with the sub programme proposals, which were presented in the preceding phase have to be harmonised in terms of contents, location and timing in order to achieve consolidated programmes for municipalities.

The deliverable of this phase is an operational strategy (SDBIP) and OPMS, Chapters 7 & 8 of the IDP and will take place between **February and March 2015**. Furthermore, this is the phase that will ensure the adoption of the Draft 2015/16 IDP Review.

5.5.6. Adoption Phase

Once the IDP is completed it is submitted to the municipal council for consideration and approval. The council must make sure that the IDP complies with legal requirements before the approval. The final deliverable of this phase is the adoption of the 2015/16 Ugu District Municipality IDP Review and will take place between **April and June 2015**.

The following steps will be taken to facilitate the final approval of this 2015/2016 be Ugu IDP Review:

i. **Public Involvement**

- The Mayor must make presentations to all Wards by means of a Public Participation.
- Various IDP Steering Committee and EXCO meetings need to be held to facilitate reporting on progress with regard to the IDP process.
- IDP Representative Forum meetings need to be held and proper attendance ensured.

ii. **Critical Procedural Steps**

- Simultaneously, the general public need to be informed that the IDP is open for comment and representation.
- After the comment/representation period has closed, the draft IDP with relevant amendments must be submitted to the iLembe Council for adoption.

- To achieve District and Family alignment, the Ugu Development Planning Forum meets to ensure co-ordination and consultation between the district council and local municipalities.
- Draft IDP containing Finance Plan as well as draft SDBIP to be approved by EXCO and Council.

Table 5: Ugu District Municipality Action Programme

FIRST QUARTER

PHASE	ACTIVITY	RESPONSIBILITY	KEY DEADLINES
PREPATORY	1. Drafting of Framework and Process Plan	Manager IDP	July – Aug 2014
	1.1. Submission draft Framework & Process Plan to Cogta for comment		31 July 2014
	1.2. Submit draft Framework & Process Plan to IDP Steering Committee, IDPRF and EXCO for consideration and recommendation		22 August 2014
	1.3. Adoption by Council		28 August 2014
	1.4. Advertise on local news paper for commencement of the IDP review process.	Ugu family	31 July 2014
ANALYSIS	2. Submit Annual Performance Report to AG	PMS Officer	31 August 2014
	3. Evaluate the changed circumstances and conduct socio analysis research	Manager IDP	Monthly
	3.1. Review IDP Implementation Plan (by reviewing alignment of objectives strategies and projects against the METF budget)		30 September 2014
	3.2. Determine funding availability and requirements and all the necessary preparations		
	3.3. Determine which sector plans need to be reviewed and commence with the process of reviewing thereof		
	4. Consider MEC Comments		
	4.1. Action Plan to Address MEC Comments		

JULY				AUGUST				SEPTEMBER			
1	2	3	4	1	2	3	4	1	2	3	4

SECOND QUARTER

PHASE	ACTIVITY	RESPONSIBILITY	KEY DEADLINES	OCTOBER 1	OCTOBER 2	OCTOBER 3	OCTOBER 4	NOVEMBER 1	NOVEMBER 2	NOVEMBER 3	NOVEMBER 4	DECEMBER 1	DECEMBER 2	DECEMBER 3	DECEMBER 4
	5. Submission of the 1st Draft Annual Report to Auditor General.	**Snr. Manager CS & SS**	29 August 2014												
Strategic & Projects	6. Conduct financial sustainability strategy with revenue enhancement focus	**GM: Treasury**	29 October 2014												
	7. Conduct Community needs Consultation	**Manager IDP, Snr Manager Communications**	October - November 2014												
	7.1. Mayoral Izimbizo														
	7.2. Ward Committee Imbizo Workshop	**Manager IDP**	28 November 2014												
	8. Hold strategic sessions **(to include sector departments and feed local analysis into sector strategic plans thereof)**		December 2014												
	8.1. Align the strategic framework with internal and external policies		31 December 2014												
	8.2. Submit the draft reviewed strategic framework to the Steering Committee and IDPRF														
	9. Estimate available sources & provide guidance for way forward for budgeting	**GM: Treasury**	28 November 2014												
	9.1. Submit 2015/2016 budget framework to all relevant persons (Budget framework to include salary, operational and capital budget related information).		08 December 2014												
	9.2. District IDP mini assessments	**GM: Treasury**	10 December 2014												
	9.3. Preparation of a summary of available funds from: Internal Funds, e.g. CRR and External Funding, e.g. MIG		19 December 2014												
	9.4. Council finalises draft tariff policies in principle for 2015/2016 budget year.		29 November 2014												
	10. Sector - Municipal Alignment sessions under the auspices of COGTA	**COGTA**	20 November 2014												

	11. Integrate Reviewed Sector Plans into the IDP.	Manager IDP	30 December 2014	
	12. Alignment meetings with neighboring District Municipalities			

Third Quarter

PHASE	ACTIVITY	RES	KEY DEADLINES	JANUARY				FEBRUARY				MARCH			
				1	2	3	4	1	2	3	4	1	2	3	4
Integration	13. Assess financial Feasibility of proposed new projects based on existing and potential funds. (Budget Examination)	GM: Treasury	21 January 2015												
	14. Mid-Year Review and submission of report to COGTA Provincial	PMS Officer	30 January 2015												
	15. Tabling of Draft Annual Report to Council	PMS Officer	30 January 2015												
	16. 1st draft 2015/16 IDP review	Manager IDP	January – February 2015												
	16.1. Submit 1st draft IDP review to Steering Committee, IDRF and EXCO for recommendations.	Manager IDP	13 March 2015												
	16.2. Submit 1st draft IDP review to Council for adoption	Manager IDP	31 March 2015												
	16.3. Submit 1st draft IDP review to province (CoGTA) for assessment.	Manager IDP	27 March 2015												
	16.4. Advertise IDP for public comments	Ugu Family	March 2015												
	17. Tabling of Annual Report to Oversight Committee and adoption	Snr. Manager CS & SS	31 March 2015												
	18. Consideration of 2015/2016 Draft Budget by a joint meeting of the Budget Steering Committee and EXCO	GM: Treasury	20 March 2015												
	19. Tabling of 2015/2016 draft budget to Council		31 March 2015												

FOURTH QUARTER

PHASE	ACTIVITY	RES	KEY DEADLINES	APRIL 1	APRIL 2	APRIL 3	APRIL 4	MAY 1	MAY 2	MAY 3	MAY 4	JUNE 1	JUNE 2	JUNE 3	JUNE 4
	19.1. Publicice tabled budget within 5 days after tabling, on website and the media	GM: Treasury	03 April 2015												
	19.2. Send copy of tabled budget to National and Provincial Treasury for comments		10 April 2015												
Approval	20. Ugu Decentralised IDP Assessment Forums	CoGTA	07 April 2015												
	20.1. Incorporate comments received from IDP Provincial Assessment and all other outstanding comments	Manager IDP	30 April 2015												
	21. Conduct Community Consultation	Manager IDP, Senior Manager Communications	April /May 2015												
	21.1. Attend IDP/Budget Roadshows		April/May 2015												
	21.2. Ward Committee Imbizo Consultations	Manager IDP	22 May 2015												
	22. Submission of Budget for 2015/16 to Council for approval	GM: Treasury	28 May 2015												
	22.1. Prepare Budget in the required format and submit Provincial and National Treasury.		28 May 2015												
	22.2. Set up expenditure, revenue and asset management system, incorporating budget														
	22.3. Publication of the approved 2015/2016 tariffs of charges in Gazette, website and local media.		03 June 2015												
	23. Final draft 2015/16 IDP review	Manager IDP	April – June 2015												
	23.1. Submit final draft IDP review to Steering Committee, IDRF and EXCO for recommendations.	Manager IDP	26 May 2015												
	23.2. Submit final IDP review to Council for adoption	Manager IDP	30 June 2015												
	23.3. Submit final draft IDP review to province (CoGTA) for assessment.	Manager IDP	10 July 2015												

5.6. Cost Estimate for the Planning Process

Council has received grant funding from the Department of Local Government and Traditional Affairs for the IDP review process. The municipality has budgeted R10 590.00 for IDP review however grant funding from COGTA will also be utilized for IDP review but will not be reflected on the document. The planning process is outlined below:

ITEM	COST ESTIMATE
IDP Advertising	R10 590.00
Workshops and Meetings	R50 000.00
Printing Costs	R200 000.00
IDP / Budget Roadshows	R150 000.00
Translating Costs	R100 000.00
Total	**R510 590.00**

The IDP review is mainly done in-house; the planning process will therefore to a large extent be accommodated within the available funding. However, additional funds may be obtained from other sources and such funds will be utilized to complete certain aspects of the review process such as the sector plans that might need specialist assistance.

5.7. Conclusion

The Ugu IDP Review 2015/2016 will focus on the achievements of the Ugu DM in accomplishing what it has set out to do within the third year of the planning cycle. It is necessary to measure achievement in terms of backlog eradication and the effective spending of allocated funds. Ugu DM must assess its performance and the achievement of its targets and strategic objectives for the District IDP to remain relevant. The IDP therefore has to be reviewed annually in order to:

- Ensure its relevance as the Municipality's Strategic Plan.
- Inform other components of the Municipal business process including performance management and institutional and financial planning and budgeting.
- Inform the cyclical inter-governmental planning and budgeting cycle.

In the light of this development process, the IDP will reflect the impact of successes as well as corrective measures to address challenges. The IDP process will address internal and external circumstances that impact on the priority issues, objectives, strategies, projects and programmes of integrated planning.

The IDP, as the Ugu District Municipality's Strategic Plan, informs Municipal decision-making as well as all the business processes of the Municipality. The IDP must inform the Municipality's financial and institutional planning and most importantly, the drafting of the annual budget.

Although the IDP, Budget and Organisational PMS Process are three distinct processes, they are integrally linked processes which must be coordinated to ensure that the IDP, the Budget and the Organisational PMS with their related policies are tabled as mutually consistent and credible.

UGU DISTRICT MUNICIPALITY

BUDGET POLICY

BUDGET POLICY

Contents

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BUDGET POLICY

1. PRINCIPLES

Section 215 (1) of the Constitution of the Republic of South Africa states that National, provincial and municipal budgets and budgetary processes must promote transparency, accountability and the effective financial management of the economy, debt and the public sector. It also states in S215 (3), that Budgets in each sphere of government must contain

a. estimates of revenue and expenditure, differentiating between capital and current expenditure;
b. proposals for financing any anticipated deficit for the period to which they apply; and
c. an indication of intentions regarding borrowing and other forms of public liability that will increase public debt during the ensuing year.

Section 26(h) of the Municipal Systems Act (Act 32 of 2000) requires a municipality's Integrated Development Plan to reflect a financial plan, which must include a budget projection for at least the next three years;

Section 21 of the Municipal Finance Management Act (Act 56 of 2003) prescribes the function of the Mayor who must coordinate the processes for preparing the annual budget and for the reviewing of the municipality's Integrated Development Plan and budget related policies and to ensure that any revisions are mutually consistent and credible;

Section 16 of the Municipal Finance Management Act, requires the municipal council to approve an annual budget for the municipality before the start of the financial year;

The Minister with the concurrence of the Minister for Provincial and Local Government, has in terms of S168 of the Municipal Finance Management Act issued the Municipal Budget and Reporting Regulations which aim to secure sound and sustainable management of the budgeting and the reporting practices of the municipalities by establishing uniform norms and standards and other requirements for ensuring transparency, accountability and appropriate lines of responsibility in the budgeting and reporting processes;

Now **THEREFORE,** the Council of Ugu District Municipality adopts the Budget Policy as set out in this document.

2. DEFINITIONS

In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Act, has the same meaning as in that Act.

References will be made in the policy to particular legislation without quoting it verbatim. The users should therefore refer to the legislation for the exact text.

3. OBJECT OF THE POLICY

To set a broad framework within which Budget related decisions of the municipality will be taken and implemented to ensure efficient and transparent financial planning that will promote sound and sustainable financial management, essential for the achievement of the municipality's developmental priorities as contained in its Integrated Development Plan.

4. SCOPE AND INTENDED AUDIENCE

This Policy will serve as a guideline for the effective management of the municipal budgetary processes, in order to attain the strategic objectives of the municipality within the ambits of the applicable legislation, and shall apply to all departments within the municipality.

Council has considered the guidelines distributed by National Treasury to local government which detail the processes and formats to be followed when preparing the budget documents.

The municipality shall comply with the provisions of this policy in the compilation of each of its budgets.

5. REGULATORY FRAMEWORK

In the process of preparing the budget, the municipality, its Mayor, political office bearers, Municipal Manager, Chief Financial Officer and other officials comply with all relevant legal requirements , including:-

a) The provisions of Chapter 4 of the Municipal Finance Management Act, 2003, ('the MFMA"), as well as Sections 42, 43, 53, 54, 55, 68, 69, 70, 71, 72, 75, 80, 81, and 83 thereof; and
b) The Municipal Budget and Reporting Regulations published in terms of Section 168 of the MFMA.
c) All relevant budget related Circulars and notices issued by the National Treasury.

6. ROLES AND RESPONSIBILITIES

(1) Role of Council

a) Must provide political leadership & direction
b) Play an oversight role by approving budget related policies, and ensuring that the priorities are reflected in the budget. (Council may not delegate approval of budgets &policies)
c) Approve the Integrated Development Plan, the Annual Budgets and the Service Delivery Budget Implementation Plan.
d) Monitor the outcomes of the implementation of the policies and budgets.

(2) Role of the Mayor

a) Provide general political guidance over the budget process and the priorities that must guide the preparation of the budget. (S53, MFMA)

b) Prepare and table a schedule of key deadlines for the preparation, tabling and approval of the budget, annual review of the IDP and the consultative process. (S16, MFMA)

c) Take all reasonable steps to ensure that the municipality approves its annual budget before the start of the financial year and report to the municipal council and the MEC for finance in the province any delays in the tabling of the annual budget. (S53,MFMA)

d) Must establish a Budget Steering Committee to provide technical assistance to the mayor in discharging the responsibilities set out in S53, MFMA.(Reg 4(1))

(3) Role of the Accounting Officer (Municipal Manager)

a) Assist the Mayor in performing budgetary functions assigned to him in terms of Chapter 4 & 7 of the MFMA and to provide administrative support, resources and information necessary for the performance of those functions. (S68, MFMA)

b) Is responsible for the implementation of the approved budget and must take all reasonable steps to ensure that the spending of funds is in accordance with the budget and is reduced as necessary when anticipated revenue is anticipated to be less than the projected in the budget.

c) Ensure that revenue and expenditure are properly monitored.

d) Must prepare an adjustments budget and submit it to the Mayor for consideration and tabling in the municipal council when necessary.

e) Report to the municipal council any shortfalls in budget revenue, overspending and necessary steps taken to prevent shortfalls and overspending.

f) Submit to the Mayor actual revenue, borrowings, expenditure and where necessary report variances on projected revenue and the budget.

(4) Role of the Chief Financial Officer (CFO)

a) Must advise the Accounting Officer on the exercise of powers and duties assigned to him in terms of the MFMA.

b) Must assist the Accounting Officer in the preparation and implementation of the municipality's budget.

c) Must perform all budgeting and other duties as delegated by the accounting officer in terms of S79, MFMA.

(5) Role of Senior Managers & Other Officials

a) Each Senior Manager and each municipal official exercising financial management responsibilities must take all reasonable steps within her area of responsibility to ensure that the financial resources of the municipality are utilised effectively, efficiently, economically and transparently.

b) Must prevent unauthorised, irregular and fruitless or wasteful expenditure and other losses within her Department.

c) Must ensure that all revenue due to the municipality is collected.

d) Must ensure that all information required by the accounting officer for compliance with the provisions of the Acts is timeously submitted.

(6) Role of the Budgeting Steering Committee

1. Reg.4 of the municipal budgeting and reporting regulations requires the Mayor to establish a Budget steering comprising of the following members:-

- The Mayor – Chairperson
- The Speaker
- The Whips of Political Parties
- The Accounting Officer (Municipal Manager)
- The Chief Financial Officer
- The IDP Manager
- The Manager Budget Office and,
- Members of Senior Management (Top Management)

2. The role of the Committee shall be:-

a) To assist the Mayor in carrying out his statutory roles & responsibilities in accordance with S52 and S53 of the MFMA.

b) To provide technical assistance to municipal political office bearers during policy formulation and to assist priority determination.

c) To interrogate and make recommendations on the adoption of the Annual Budget, the Service Delivery and Budget Implementation Plan (SDBIP), S71 monthly budget statements and S72 Midyear budget and performance report and the Adjustments Budget.

d) To evaluate the progress report of the Municipal Manager with regard to the financial year end closure and compilation of the municipal audit file.

e) To evaluate progress report on the statutory audit by the office of the Auditor General.

f) To exercise oversight in the compilation of the Annual Report.

g) To evaluate action plans from the Municipal Manager on corrective measures to be taken on issues raised by the Auditor General.

h) To evaluate and recommend payment of Annual Performance Bonuses to the Municipal Manager and Senior Management after the annual report has been adopted by Council on 31 January each year.

3. Council may adopt its existing Finance Portfolio Committee as its Budget and Steering Committee.

(7) Role of the Budget and Treasury Office

a) To assist the Municipal Manager in tabulating key time frames for the Budget Process.
b) To provide guidance to the Municipal Manager and Senior Managers during the budget preparation process in accordance with National Treasury MFMA Reforms.
c) To consolidate departmental Capital and Operating budgets.
d) To consolidate departmental S71 monthly budget statements, quarterly returns and the Midyear monitoring report and submit to the Finance Portfolio Committee.
e) To report any unauthorised, irregular, fruitless and wasteful expenditure or any deviations from the approved budget to the Finance Portfolio Committee.
f) To assist the Municipal Manager in implementing recommendations of the Finance Portfolio Committee.
g) To manage the administrative operations of the Budget and Treasury Office to ensure full compliance with the MFMA and any issued guidelines or Circulars from National Treasury.

(8) Delegation of roles and responsibilities

1. All delegations by the Mayor to the Municipal Manager, Mayor to the members of the Finance portfolio Committee, the Municipal Manager to the CFO and other Senior Managers, of their roles, duties and responsibilities as per the MFMA:-

a) Must be in writing,
b) Are subject to the limitations as may be imposed by the Act,
c) Does not absolve the Mayor, the Municipal Manager or the Senior Officials of the responsibilities concerning the exercise of the delegated power or the performance of the fiduciary duties, and
d) Should not be indefinite and must be reviewed annually.

7. ANNUAL SCHEDULE OF KEY DEADLINES

7.1. The deadline dates for all budget preparation processes shall be as per the approved Process Plan as tabled by the Mayor to Council in August.

7.2. Such Process Plan shall indicate the target dates for the draft revision of the IDP and the preparation of the annual budget for the ensuing financial year, which target dates shall follow the prescriptions of the MFMA, for the submission of all the budget-related documentation to the Mayor, Finance Committee, Executive Committee and Council.

7.3. Such time schedule shall provide for the deadlines set out in Appendix A, unless the Mayor, after consultation with the Chief Financial Officer, determines otherwise and provided that the requirements of the MFMA shall at all times be adhered to.

7.4. The Chief Financial Officer shall be responsible for ensuring that the time schedule is adhered to.

8. BUDGET PRINCIPLES

The sequence in which the Annual Budget shall be prepared shall be, first, the capital component and second, the operating component, except where the CFO with the consent of the Mayor decides otherwise.

The municipality's annual budget should:-

a) Move towards the achievement of goals and objectives of the municipality within the constraints of the available resources.
b) Consider the Priorities as identified in the State of the Nation Address, State of the Province Address and the State of the District Address.
c) Reflect the priorities contained in the municipality's IDP.
d) Be credible and fully funded from realistically anticipated revenues.
e) Consider any resolutions taken by Council or the Executive Committee in the previous Budget Year which have financial implications on the current MTREF.
f) The basis of measurement and accounting policies underpinning the municipality's annual financial statements must be the same as those used in the preparation of the municipality's annual budget and supporting documentation.

9. FUNDING OF EXPENDITURE

An Annual budget must be funded only from:

a) Realistically anticipated revenues to be collected.
b) Cash-backed accumulated surpluses from previous years not committed for other purposes;
c) Borrowed funds, but only for revenue-generating capital projects; and
d) Grants and subsidies as per DORA.

10. THE CAPITAL BUDGET

a) The Budget shall be prepared in the prescribed budget format of National Treasury.
b) The annual capital budget shall be prepared from a zero base, except in so far as capital projects represent a contractual commitment to the municipality extending over more than one financial year.
c) The annual capital budget shall only be approved by Council if it is properly balanced (i.e. if the sources of finance have been secured to fund the budget and are equal to the proposed capital expenditure).
d) Before approving the capital budget, the Council shall consider the impact on the present and future operating budgets in relation to Finance Charges on external loans, Depreciation on fixed assets,

Maintenance costs of fixed assets, and any other ordinary operational expenses associated with any item in that capital budget.

e) The council shall also consider any impact of operating expenses – net of any revenues to be generated from the project – i.e. on future service tariffs.

11. OPERATING REVENUE

1. The Operating revenue must include:

    a) Estimates for all municipal revenue sources and;
    b) All gazetted grants and subsidies, donations and subsidies in kind or emergency relief funding.

2. The allocation of interest on investments shall be budgeted for in terms of the cash and investment policy.
3. In preparing the revenue budget, the municipality shall strive to maintain the aggregate revenues from service charges at not less than 90% of the aggregate revenues net of operating grants.
4. The proposed increases in tariffs should be affordable, i.e. in line with CPIX, and should take into account the need to address infrastructure backlogs.
5. Tariff increases must respond to the population growth rate and the Division of Revenue Act.
6. The water and sanitation charges shall be calculated and levied as per the reviewed Water and Sanitation Tariffs Policy for that MTREF.
7. All tariffs shall be published in a local newspaper, and placed on the municipal website and at the entrance of Ugu offices at least 30 days before the start of the financial year.
8. All tariffs must be gazetted in the Government Gazette before the 1st July each year.

12. OPERATING EXPENDITURE

The operating budget shall duly reflect the impact of the capital component on:

a) Depreciation and impairment charges;
b) Repairs and maintenance expenses;
c) Interest payable on external loans, and
d) Any other operating expenses associated with fixed assets.

The operating budget must be in the prescribed National Treasury Format.

13. SALARIES AND ALLOWANCES

The budget for salaries and allowances shall be separately prepared and shall not exceed 34% of the total operating budget for the municipality. If the salary budget, exceed 34% of the total operating budget of the municipality, council will be advised and provided with reasons and remedial action. The remuneration of Councillors and other political office bearers shall be excluded from this limit.

14. PROVISION FOR MAINTENANCE

The municipality shall adequately provide in each annual and adjustments budget, for the maintenance of its fixed assets in accordance with its Fixed Asset Management and Accounting Policy as well as the routine maintenance plans. A minimum of 8% of the carrying amount of the fixed assets shall be provided for the expenditure on Repairs and Maintenance in the annual budget of the municipality in accordance with the National Treasury norms.

15. FINANCE CHARGES, DEPRECIATION AND IMPAIRMENT

The Finance Charges payable by the municipality shall be apportioned between departments or votes on the basis of the proportion at the last balance sheet date of the outstanding loan balances belonging to such department or vote to the aggregate outstanding loan balances. However, should Council decide to raise loans only for financing of fixed assets in a specified service or vote, finance charges shall be charged to or apportioned only between the departments or votes relating to such service.

The depreciation expenses shall be apportioned to each department based on the cost of assets allocated to that department. The depreciation method used shall be in terms of the Fixed Assets Management and Accounting Policies.

16. CONSULTATION ON TABLED DRAFT BUDGETS

The Municipality shall, after the annual draft budget is tabled in Council, consider the views of the local community, the National and Provincial Treasuries, organs of state and local municipalities, as required by Section 23 of the MFMA, and shall comply with all other requirements of that section. For the purpose of consultation, the draft budget will be made available to the community, through the community libraries, the municipal offices and the municipal website soon after tabling in Council.

17. APPROVAL OF THE ANNUAL BUDGET

The Council shall approve the budget before the start of the financial year, in accordance the provisions of Section 24 of the MFMA, failing which, the municipality shall be subject to the provisions of Section 25 of the MFMA.

18. PUBLICATION OF THE BUDGETS

In accordance with Section 22 of the MFMA, the Municipal Manager shall ensure that immediately after the annual budget is tabled in the Council:

a) The budget is made public in accordance with the provisions of Section 17 (3) of the Local Government Municipal Systems Act.
b) The budget is submitted to the National Treasury and Provincial Treasury in printed and electronic formats;
c) The budget is submitted to any prescribed organs of state and to other municipalities affected by it.

19. MONTHLY BUDGET REPORTS

The chief financial officer shall compile monthly budget reports, with recommendations, comparing actual results with budgeted projections, and the heads of departments shall furnish the chief financial officer with all explanations required for deviations from the budget.

The Chief Financial Officer shall submit these monthly reports to the mayor, finance committee and executive committee, and all other prescribed parties, in accordance with the prescriptions of the Municipal Finance Management Act.

20. RELATED POLICIES

This policy must be read in conjunction with the following budget-related policies of the municipality:-

a) Indigent Support Policy
b) Asset Management Policy
c) Water Services Policy (incorporating the Tariff Policy)
d) Cash and Investments Policy
e) Supply Chain Management Policy
f) Credit Control and Debt Collection Policy
g) Funding and Reserves Policy

h) Virement Policy

i) Basic Services Policy

21. REVIEW OF THE POLICY

This policy will be reviewed annually by the Budget Steering Committee prior to the commencement of the budget process to ensure compliance with any changes in legislation or any 'best practice' guidelines and MFMA Circulars as may be issued by National Treasury from time to time.

Records of Approval

Meeting	Date	Resolution
Top Management		
EXCO		
Revision 1		
BTS Task Team		
Top Management		
Extended Top Management		
LLF		
Corporate Services Portfolio		
EXCO		

VIREMENT POLICY

UGU DISTRICT MUNICIPALITY

VIREMENT POLICY

Contents

1. Definitions
2. Object of the policy
3. Legislative framework
4. Determination of vote
5. Manageable groups of revenue
6. Non manageable groups of revenue and expenditure
7. Operating Budget virements
8. Capital Budget virements
9. Review of policy

VIREMENT POLICY

10. DEFINITIONS

In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Act, has the same meaning as in that Act.

References will be made in the policy to particular legislation without quoting it verbatim. The users should therefore refer to the legislation for the exact text.

"**Virement**", means "a regulated transfer or re-allocation of money from one line item account to another, within the same vote especially public funds."

"**Identified Savings**", the original budget less all the expenditure incurred and committed orders on that account.

11. OBJECT OF THE POLICY

To introduce a Framework by which departmental budgets can be managed by HOD's to ensure effective financial management.

A virement represents a flexible mechanism to effect budgetary amendments within a municipal financial year.

12. LEGISLATIVE FRAMEWORK

a. Chapter 4 of the Municipal Finance Management Act.

b. The Municipal Budget and Reporting Regulations published in terms of Section 168 of the MFMA.

c. All relevant budget related Circulars and notices issued by the National Treasury.

13. DETERMINATION OF VOTE

CFO shall determine the number and type of votes to be used and line items to be shown under each vote. In so doing, the CFO shall consider and properly reflect the organisational structure and shall comply with the prescribed budget format of National Treasury. The operating expenditure shall be classified as per the Government Financial Statistics classifications used in the prescribed National Treasury format

14. MANAGEABLE GROUPS OF REVENUE

All manageable revenue which is budgeted for under a department is the responsibility of each HOD to ensure that it is collected.

Must report to the CFO and budget office any deviations that they become aware of which might affect the budgeted estimates.

HOD's are responsible for all grants and donations which are budgeted for under their departments.

They must report any deviations to the Chief Financial Officer or the budget office in writing. They must seek reasons for deviations from the responsible donor or the transferring sector departments.

If HOD's become aware that budgeted revenue will not materialize or will not be collected, they must inform the CFO or the Budget Office to ensure that revenue will be adjusted downwards in the Adjustments Budget.

15. NON-MANAGEABLE GROUPS OF REVENUE AND EXPENDITURE

No funds Transfers can be made on these groups:-

Depreciation,
Finance Charges,
Departmental Charges,
Investment Income and
Employee Related Costs

16. OPERATING BUDGET VIREMENTS

Operating budget virements can only be done on General Expenses, Contracted Services and Repairs and Maintenance items.

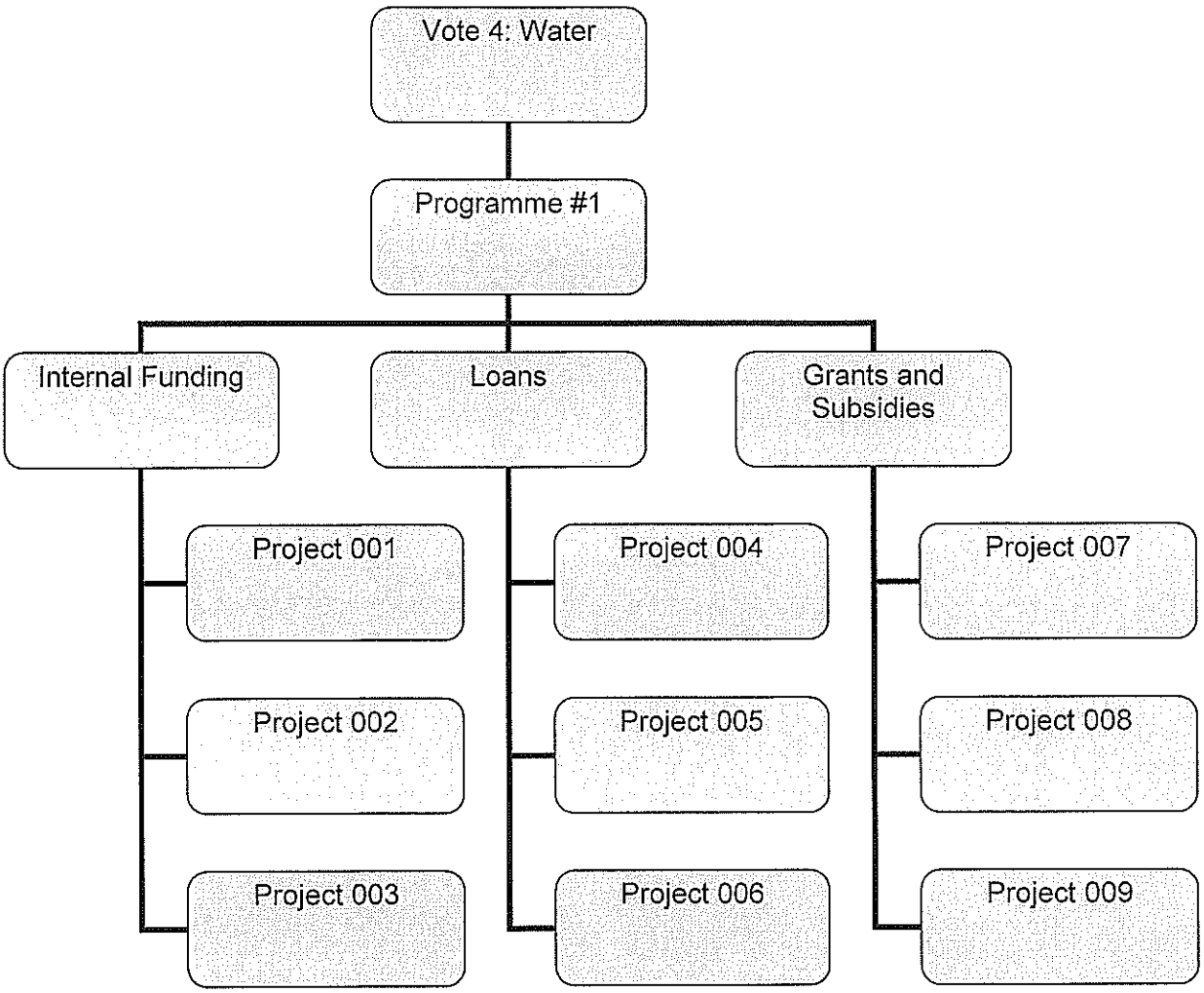
Funds transfer can take place within these groups provided the total approved budget allocation per vote is not exceeded. In order for an account to transfer funds from one item to another, there must be identified savings within the limitations of the approved budget for that group. These must be clearly stated in the formal funding requests submitted to the CFO and the Budget Office. Funds may not be transferred to new line items of the operating budget.

All requests for the transfer of funds must be in writing using the prescribed request forms in Appendix A and B, and must be properly authorised by the Manager and General Manager responsible for that vote and the Chief Financial Officer as per the set limits.

Each HOD is responsible for his own operational budget and must ensure that all expenditure is contained to the approved allocations by Council.

Movement of funds from different sectors and categories will be attended to in the normal Adjustments Budget process annually in February.

17. CAPITAL BUDGET VIREMENTS



Virements on the Capital budget allocations can be done from one project to another within the same vote and source of funding, i.e. from Water, CRR to Water CRR. Virements cannot be done to a new project which was not part of the approved capital budget. Any other transfer of funds or requests for new allocations must be done through an adjustments budget and approved by Council.

Virements can be done on conditional grant funded projects; provided that there is a written agreement by the said funder.

All requests must be in writing on the prescribed form in Appendix B and must be properly authorised by the responsible Manager, General Manager and the CFO.

18. REVIEW OF POLICY

VIREMENT POLICY

This policy will be reviewed once annually during the Annual Budget Process.

Records of Approval

Meeting	Date	Resolution
Top Management		
EXCO		
Revision 1		
BTS Task Team		
Top Management		
Extended Top Management		
LLF		
Corporate Services Portfolio		
EXCO		

UGU DISTRICT MUNICIPALITY

BASIC WATER SERVICES POLICY

BASIC WATER SERVICES POLICY

Contents

1. The legal context 3
2. Objective of the policy 3
3. Purpose 3
4. Administration of free basic water services 3
5. Free basic water 4
6. Qualification criteria 4
7. Free basic sanitation 4

BASIC WATER SERVICES POLICY

1. THE LEGAL CONTEXT

"**basic water supply**" means the minimum standards of water supply services necessary for the reliable supply of water to households to support life and personal hygiene prescribed in terms of the Water Services Act, 1997(Act No. 108 of 1997);

2. OBJECT OF THE POLICY

The Ugu District Municipality fully supports the National Government's Policy on providing free basic services to the poorer section of the community. In that regard it will fully co-operate in implementing the policy. However, being committed to the fundamental principle set out in paragraph 4 above, the financial implications must determine the extent to which water can be provided free to certain consumers. In conjunction with the Provincial Support Units established by the Department of Water Affairs and that Department, the Ugu District Municipality will progressively introduce the policy to its area. Full advantage will be taken of subsidies and grants made available by other spheres of government to enable the Ugu Municipality to implement a policy of free basic water without violating the fundamental principle. In line with the principles of transparency inherent in paragraph 7.1, the people of the area will be informed and consulted on the implementation of the policy as it unfolds. There are two inter-related long-term objectives which will guide the Ugu Municipality in regard to the provision of free basic services and these are:

a) the elimination of poverty in the Ugu District area, and
b) the equal treatment of all persons in the area.

Whilst the historic imbalances between the citizens of South Africa are a fact, resulting in a mass of poor people badly provided with basic services, this should not be seen as normal and everlasting. Initially therefore, different levels of service must be provided at affordable or no cost, but the policy is accepted that, over time, realistically computed, these distinction should be eliminated and everyone should be treated equally.

3. PURPOSE

The primary purpose of the basic water services policy is to assist in promoting sustainable access to basic water supply and sanitation to all households.

4. ADMINISTRATION OF FREE BASIC WATER SERVICES

In recognition of the primary importance of having a clean and adequate water supply, the South African government in 2000 introduced the Free Basic Water Policy, which allows for household to get 6 000 litres (6kl) of water per month at no cost. Such service is dependent on the municipality receiving equitable share from National Treasury and as determined by Council from time to time.

4.1 FREE BASIC WATER

4.1.1 PRIVATE CONNECTIONS

- Commercial, Government, Bulk users and Industrial users, and other categories be retained with no Free Basic Water allocation, except for users classified in designated zones within the Free Basic Water Policy. All households who fall in the group who qualify for free basic water in terms of Ugu district Municipality will receive a free water usage of 200 litres per day , based on the quota allocation and number of days in a meter reading period. The customer will forfeit this benefit should the consumption exceed the allocation per quota per month depending on the number of days.

4.1.2 QUALIFICATION CRITERIA

- Indigent households
- Rural communities where water is supplied by stand pipes
- Informal settlements where water is supplied by stand pipes
- People served from Springs and borehole water supply in rural areas
- Rain water harvesting schemes
- The Authority or the Authorised Provider may convey any water required as a temporary measure by tanker to any place where such temporary supply of water is required, subject to such conditions and period, which shall not exceed three months, as may be prescribed by it.

5. FREE BASIC SANITATION

Free basic sanitation shall be provided to the following:

- Indigent households
- Rural communities where there is no sanitation infrastructure
- Informal settlements

BASIC WATER SERVICES POLICY

Meeting	Date	Resolution
Top Management		
EXCO		
Revision 1		
BTS Task Team		
Top Management		
Extended Top Management		
Finance Portfolio Committee		
EXCO		

CREDIT CONTROL AND DEBT COLLECTION POLICY

UGU DISTRICT MUNICIPALITY

CREDIT CONTROL AND DEBT COLLECTION POLICY

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CREDIT CONTROL AND DEBT ... TION POLICY

A. **PREAMBLE**:

- The Local Government : Municipal ... \ct No. 32 of 2000 ("the Municipal Systems Act") has as one of its ... e need to ensure financially and economically viable municipalities;
- The Municipal Systems Act also ... new system of Local Government requiring an efficient, effective ... nt local public administration that conforms to constitutional principles;
- The Ugu District Municipality has ado... 'f policy in terms of Section 74(1) of the Municipal Systems Act No. 32 ... which policy reflects the principles enunciated in Section 74(2) and dir... s it may in terms of Section 74(3) of the Municipal Systems Act;
- The Ugu District Municipality has also ... y-laws as envisaged in Section 75 of the Municipal Systems Act No. 32 of ...
- This policy is adopted in terms of ... d) of the Municipal Systems Act, is consistent with the Ugu District Mun... ates and tariff policies and complies with the provisions of the Municipal ... ;

B. **THE OBJECTIVES AND CONTENTS O... ICY**:

1. The adoption of this policy has ... cipal objective the fulfilment of the requirements of Section 97(1) of ... al Finance Management Act, namely to provide for:-

a) Credit Control Procedures and ...

b) Debt Collection Procedures and ...

c) Provision for indigent debtors ... ent with its rates and tariff policies and any national policy on indig...

d) Realistic targets consistent with: ...

(i) generally recognised acc... ices and collection ratios; and

(ii) the estimates of income ... dget less an acceptable provision for bad debts;

e) Interest on arrears, where appropriate;

f) Extension of time for payment of accounts;

g) Termination of services with the restriction of the provision of payments are in arrears;

h) Matters relating to unauthorised consumption of services, the and

i) Any other matters that may be prescribed by Regulation in term of the Municipal Systems Act.

2. To the extent that the differentiation envisaged in Section 97(2) Systems Act is discretionary,

- The Ugu District Municipality has in terms of Section 98 Systems Act No. 32 of 2000 adopted By-laws to give effe Control and Debt Collection policy, its implementation and for this reason it is not necessary within the framework indicate the procedures of implementation, delegation administration of this policy apart from what is mentioned fu

C. **SUPERVISORY AUTHORITY**:-

In terms of Section 99 of the Municipal Systems Act a municip committee or executive mayor, must:-

1. oversee and monitor:-

   a) the implementation and enforcement of the Municipality and Debt Collection policy and any by-laws enacted in 98; and

   b) the performance of the Municipal Manager in the imp policy and any by-laws;

2. Where necessary, evaluate or review the policy and any implementation of the policy and any such by-laws, in o efficiency in Credit Control and Debt Collection mechanisms procedures; and

3. At such intervals as may be determined by the Council repor the Council, except when the Council itself performs the duti paragraphs 1 and 2.

D. **IMPLEMENTING AUTHORITY**:

In terms of Section 100 of the Municipal Systems Act the Municipal ... vice provider must :-

1. Implement and enforce the Municipality's Credit Control an... tion policy and any by-laws enacted in terms of Section 98;

2. In accordance with the Credit Control and Debt Collection po... such by-laws, establish effective administrative mechanisms, ... and procedures to collect money that is due and payable to the Mu... i

3. At such intervals as may be determined by the Council ... ibed particulars to a meeting of the Supervisory Authority referred t... 9.

E. **DEFINITIONS**:

1. Except to the extent to which the context may otherwise requir...

a) any word or expression importing any gender or the n... lude both genders and the neuter;

b) words importing the singular shall include the plural and ... here the context so requires;

c) the following words shall have the meanings assigned t... :-

(i) "service charges" shall mean all monies that are ... and payable to the Ugu District Municipality in term... 6(a) of the Municipal Systems Act;

(ii) "Municipality" shall mean the Ugu District Munici...

(iii) "Services" shall mean all services provided by ... strict Municipality and without limiting the generality ... oing shall include_

aa) water supply and connection;

ab) sanitation supply and connection;

ac) miscellaneous services as specified in ... lity's tariffs;

ad) where sanitation, connection and supply ... pply, sanitation haulage, ad hoc vacuum ... ices, conservancy tank clearances; services re... trial effluent;

ae) the provision of water borne sanitation;

af) or any other services that the Municipality may supply all in terms of the Municipality's tariffs.

(iv) "consumer" shall mean, without limiting the generality thereof, any natural person or legal entity or generally any member of the public who has made application for services and whose application has been approved.

(v) "owner" shall mean, without limiting the generality thereof,

(a) a person in whom is vested the legal title to the premises;

(b) in a case where the person in whom the legal title to premises is vested is insolvent or dead, or is under any form of legal disability whatsoever, the person in whom the administration and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative;

(c) in any case where the authority or authorised provider is unable to determine the identity of such person, a person who is entitled to the benefit of the use such premises or a building or buildings thereon, including a person who receives the rent or profits of such premises or any part thereof from any tenant or occupier or who would receive such rent or profits if the premises or any part thereof were let, whether for his own account or as agent for any person entitled thereto or having an interest therein;

(d) in the case of premises for which a lease agreement of 30 years or longer has been entered into, the lessee there under;

(e) in relation to -

(i) a piece of land delineated on a sectional plan registered in terms of the Sectional Titles Act 95 of 1986, the developer or the body corporate in respect of the common property, or a section as defined in such Act, the person in whose name such section is registered under a sectional title deed and includes the lawfully appointed provider of such person;

F. **THE SCOPE OF THIS POLICY**:

1. This policy shall apply solely in respect of all levies, fees, surcharges service charges and any other monetary amounts due to the Municip levied in terms of the Municipality's existing tariffs;

2. Any interest which has already or shall in the future accrue to the Munic respect of the rendering of the services;

3. Any collection charges lawfully due to the Municipality.

G. **SERVICE AGREEMENTS**:-

1. The Credit Control procedure shall commence with an application by a consumer for the provision of services;

2. The application aforesaid shall contain at least the following:-

   a) the full name of the Applicant/s;

   b) the identity number (in the case of a natural person) or reg number; copies of relevant registration certificate together with copy of the resolutions that give permission to apply on beha legal person in the case of a corporate entity or any other legal pe

   c) the postal address and physical address (which in the case persons must include the address of their accounting officer or place of business);

   d) a copy of the Applicant/s 's identity document or in the case o person its proof of registration; copies of relevant registration c together with certified copy of the resolutions that give perm apply on behalf of the legal person;

   e) in the event that the Applicant/s is/are not the owner/s of the at which the services will be supplied then the application must co

      (i) the consent of the owner to the supply of services on cred Applicant;

      (ii) the owner/s 's full details including a copy of the ow identity document or proof of registration as envisaged preceding paragraphs;

(iii) The aforesaid consent shall make provision that in the event of the Applicant/s defaulting in the payment of any amounts due that the owner/s will be held responsible therefore;

f) the Applicant's contact details including :

(i) telephone numbers (home, work and cellular phone numbers); and

(ii) e-mail address (where applicable);

g) The amount of the deposit shall be calculated as per policy and payable in advance prior to connection of the service;

3. Every such application shall constitute an offer to the Municipality to enter into an agreement with the Applicant for the rendering of the services applied for which upon acceptance shall constitute a binding agreement between the Municipality and the consumer/s;

4. Illiterate Applicants must be assisted in the completion of the forms and must affix their mark to the form which mark must be certified by a Commissioner of Oaths as the mark of the Applicant;

6. The name, address and details of the Applicant's employer shall also be stated;

7. The Applicant shall also consent on the application form to:-

a) an adverse listing with the credit bureau in the event of a default in payment:

H. THE RENDERING OF ACCOUNTS:

The Municipality shall render accounts to all consumers and in this regard in terms of Part 5: Accounts of the Water and Sanitation Services Municipal Bi-laws from time to time

1. Payments can be made at:-

(i) Ugu District Municipalities offices in Port Shepstone, Oslo Beach, Harding, Park Rynie offices as well as Satellite Offices;

(ii) The South African Post Office and their agencies;

(iii) ABSA Bank; and

(iv) Easy-Pay outlets, example Pick 'n Pay and Checkers;

(v) Selected credit card payments can be made at Port Shepstone, Park Rynie, Harding and Oslo Beach offices.

(vi) In addition to the above, Municipality offers debit order facilities and details can be obtained from any of the municipal offices

2. *All Ugu District Municipal Councillors and employees who are deemed to be consumers must not be in arrears for a period longer than 90 days, the municipality reserves the right to recover any such amounts from monies due to the employee in terms of Clause 10, Schedule 2.of the local Government Systems Act*

I. DEBT COLLECTION PROCEDURE:

1. The Municipality or any duly authorised collection agent or service provider for the collection of outstanding debt may, in addition to the normal legal procedures for the collection of arrear accounts, also –

b) terminate or restrict the supply of services; and

c) allocate any payments or pre-payments toward the liquidation of any arrears;

3. In the event of the Municipality terminating the supply of the service, it will be in terms of Municipal Bi-laws Part 5 (13) "arrears"

J. INSTALMENT AGREEMENTS (ARREARS ONLY):

DOMESTIC ACCOUNTS

1. The Municipality recognises that in certain instances domestic consumers may experience difficulty with the payment of a lump sum arrear amount and in such instances will accommodate any domestic consumers who require paying their arrears over an extended period;

2. In these instances the Municipality shall require:-

a) an agreement stipulating:

(i) the extended period;

(ii) the amount payable by the consumer;

(iii) any deposits payable.

In such instances all deposits shall be payable either in cash or by bank guarantee.

3. Each request is treated on its individual merits, however, collection staff will be guided by the following minimum guidelines in entering into agreements of this nature:-

a) First time request:-

(i) any amount in arrears – a deposit of 10% of the arrear amount is payable immediately with the balance payable over eleven months;

b) In case of a default, complete disconnection will be effected and free basic water can be collected from the Ugu Market premises. The full amount becomes due and payable immediately before re-instatement of the supply

c) In respect of repeat requests by domestic defaulting consumers or domestic consumers with agreements as envisaged in sub-paragraph (a) above or first time tampering consumers:-

(i) any amount in arrears – a deposit of 25% of the arrear amount is payable immediately with the balance payable over eleven months;

a. In case of a default, complete disconnection will be effected and free basic water can be collected from the Ugu Market premises. The full amount becomes due and payable immediately before re-instatement of the supply.

4. Reconnection fees and additional deposits must be paid in full before any agreement as aforesaid can be entered into;

5. In the event of such agreements being negotiated with legal entities, then, the agreement must be duly signed by a duly authorised officer of the same and this must be accompanied by personal sureties of a natural person. All such agreements must be accompanied by a resolution of the entity authorising the signatory to sign as aforesaid;

6. In instances where agreements as envisaged in this clause are entered into, a consumer may be required to complete a debit order authority for the payment of the arrears in terms of the agreement.

K. DISHONOURED CHEQUES:

The refusal or failure by a bank to honour any cheque payment or debit order by a consumer shall be regarded as non-payment. In this regard:-

1. The consumer will be contacted telephonically and requested to make a cash deposit equivalent to that of the dishonoured cheque or debit order into the Municipality's bank account within 24 hours of such request;

2. Should the Municipality be unable to contact the consumer as aforesaid, the Municipality shall issue a final demand and proceed as envisaged earlier herein;

3. Should the cheque payment or debit order relate at all to an agreement for extension or reconnection, the supply of the service will immediately be disconnected without any further notice to the consumer and will only be reconnected once the consumer has made payment of the full outstanding balance in cash;

4. In the event of a consumer not having sufficient funds in cash to settle the amount equivalent to the amount of a dishonoured cheque then the Municipality shall be entitled but not obliged to proceed with the institution of criminal charges of fraud against the consumer;

5. All dishonoured cheques shall be retained by the Municipality and only returned to the consumer upon request therefore
by the consumer and after reversal of the dishonoured payment;

6. The Municipality shall be entitled to levy an administration fee in order to recover all bank charges and administrative

work involved in reversing the entries which fee shall levied irrespective of the reason for dishonour or non-payment;

7. Details of all dishonoured cheque payments may be forwarded to the credit bureau for processing against the consumer's credit profile.

L. **METER TAMPERING**:

1. Water metering and connection equipment remain the property of the Municipality and any person involved in the tampering with, damaging or theft thereof will be liable to criminal prosecution;

2. Where there exists *prima facie* evidence of any illegal reconnection of a supply, or the tampering therewith, the supply will be immediately terminated. Reconnection of the supply after such termination shall only be effected if the relevant penalty tariff charges has been paid and satisfactory arrangements have been made for the settlement of any outstanding arrears;

3. The detection of any further instances of tampering as envisaged herein will result in termination of the water supply and the removal of any connection equipment. Consumers in such instances will then be required to pay the full costs of a new connection together with a penalty on consumption equivalent to the average usage over the six months preceding the date of tampering together with all outstanding arrear charges before replacement of the equipment and reconnection of the supply will be considered.

M. **UNOCCUPIED PREMISES**:

1. When a consumer terminates a consumption account and no new consumer is registered the property shall be deemed to be unoccupied;

2. In such instances, a courtesy letter shall be forwarded for the attention of any actual new occupier (should there be one) and served at the premises where the supply has been rendered, requiring the new occupier within 7 (seven) days of the aforesaid letter to register with the Municipality as a consumer and detailing the registration procedures to be followed;

3. A failure by a new occupier to respond to the aforesaid letter will result in the termination/disconnection of the service supplied;

4. In such instances, the property will be linked to the registered owner's name and any basic charges in terms of the tariff shall be levied on a monthly basis and sent by ordinary mail to the most recent recorded address of the registered owner of the property for payment;

5. In the event of water consumption being recorded at a property that has been deemed unoccupied in terms hereof, every effort shall be made to establish the identity of the person responsible for the aforesaid consumption and such person shall be charged accordingly as if he or she were a consumer;

6. However, should attempts at establishing the identity of such person fail then the registered owner of the property shall be liable for any water consumed at the property.

N. **NEW DEPOSITS**:

1. All new consumers are required to pay a minimum deposit in accordance with the applicable Municipality tariff;

2. The calculation of the minimum deposit is based on a three month's estimate consumption as indicated by the consumer;

3. In respect of domestic consumers the Municipality applies four scales of tariffs to determine the deposit payable, namely:-

   a) Scale 1: 0 – 200 litres per day;

   b) Scale 2: 201 – 500 litres per day;

   c) Scale 3: 501 – 750 litres per day;

d) Scale 4: 751 – 1000 litres per day.

4. The deposit amount is calculated on the following formula: 3 x (tariff x estimated consumption plus basic charge and Value Added Tax);

O. **ADDITIONAL DEPOSITS**:

1. The value of the original deposit paid or any guarantees held in respect of the aforesaid deposit will be reviewed on a regular basis;

2. Upon such review the Municipality may require a consumer not previously required to pay a deposit for whatever reason, to pay a deposit on request within 10 (ten) days from the date of such request.

COMMERCIAL ACCOUNTS:

1. In these instances where commercial accounts fall into arrears, the Municipality shall require:-

(a) Arrears to be paid in full before water supply is re-instated

(b) No instalment arrangement shall be accepted for any commercial account

(c) In such instances deposits shall be adjusted and payable either in cash or by bank guarantee

(d)Reconnection fees and additional deposits must be paid in full before water supply is re-instated

2. The Municipality shall review consumption patterns whenever meter readings are received;

2. Should the amount of the deposit or guarantee held be deemed inadequate after such review, the Municipality shall send a letter requesting the payment of an additional deposit;

3. The value of any such increase in deposit shall be added to the next monthly account.

DOMESTIC ACCOUNTS:

1. In the event of the Municipality detecting an irregular and unacceptable payment pattern then the Municipality shall be entitled to review the deposit held in respect of residential consumers;

2. In the event of such review the relevant consumer shall be sent a request by the Municipality for the payment of an additional deposit;

3. The value of any such increase of the deposit as aforesaid shall be added to the consumer's next account.

FORFEITING DEPOSITS:

A deposit shall be forfeited to the Municipality if it has not been claimed within a period of 36 months from the date of termination of a service.

P. **CLEARANCE CERTIFICATES**:

1. Certificates are issued in terms of Section 118 of Systems Act

2. In addition to the afore going the Municipality shall require a deposit equivalent to the cost of three month's average consumption on water and sanitation charges (where applicable);

   In case of a vacant stand,

3. Upon payment of the amounts referred to in 1 and 2 above, the Municipality shall issue a clearance certificate within 5 (five) working days of the request for such certificate.

Q. **DEBT COLLECTION**:

In terms of Water and Sanitation Municipal By-laws Part 5 (13)"arrears"

Paragraph 11

R. **WATER AND SANITATION RATES**:

1. Water and sanitation rates are an availability charge which is levied against properties where there is water reticulation and waterborne sanitation system in place is charged to the registered owner of the property
2. The water rates year commences on the 1st July of each year and terminates on the 30th June of the following year. Upon the declaration of the rates tariffs, these are advertised as required in terms of existing legislation;

3. Rate payers currently have the option of paying their rates on an annual basis or by monthly instalments. Monthly rates are payable over a maximum period of 10 months commencing on the 1st September of the rates year and terminating on the 30th June of the rates year;

4. Water rates accounts are posted by ordinary mail during September of each year and the final date for annual payments is the last working day of November in that year;

5. Water rates that are not paid by the final date incur a late payment penalty calculated at 1.25% per month on outstanding rates from the 1st December each year. In the event that these rates remain unpaid after the 31st January of the following year, a once-off collection charge equivalent to 10% of the rates outstanding at the time is levied; however, penalties continue to accrue on the outstanding rates due notwithstanding the once-off charge aforesaid;

6. After the final date for payment of the water rates has expired and in the event of no payment being received by the Municipality a final notice shall be despatched by registered mail to the consumer requiring the payment of the arrear amount and any penalties and interest;

7. Upon expiry of the period reflected in the final notice the Municipality shall :-

   a) compile a schedule of all arrear rate payers;

   b) conduct deeds offices searches in respect of ownership of property;

   c) authorise and institute the necessary tracing action in instances where the consumer's whereabouts are unknown;

   d) engage legal assistance for the institution of civil legal proceedings against the consumer.

S. TEMPORARY MEASURES OF ASSISTANCE:

1. The Municipality recognises that there are instances where rate payers face temporary hardships caused by personal circumstances, poor economic conditions, unemployment, temporary disablement or illness and in such instances the Municipality is willing to accommodate arrangements to settle outstanding arrears;

2. In such instances the following procedures shall apply:-

   a) consumers may approach the Municipality for arrangements to be made for a maximum period extending up to the 30th June of the current financial year, and in exceptional circumstances, up to 1 (one) month before the final date for payment of rates in respect of the next financial year;

   b) these arrangements envisage the consumer paying in equal instalments all outstanding amounts including any interest and collection charges that may have been levied by the Municipality;

3. Once such an arrangement has been made the consumer must sign an Acknowledgement of Debt for this purpose and should the consumer renege on this arrangement then the whole outstanding arrear amount, inclusive of penalties and interest shall become immediately due and payable and shall be subject to the normal collections procedures envisaged herein;

4. In exceptional circumstances and so as to ensure payment of the capital sums of rates due and in order to avoid the accrual of further legal costs and other charges, the Municipality may, by resolution waive the payment of any interest, penalties and/or collection charges for a maximum period of 6 (six) months calculated from the date of signature of the Acknowledgement of Debt.

Records of Approval

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INDIGENT SUPPORT POLICY

UGU DISTRICT MUNICIPALITY

INDIGENT SUPPORT POLICY

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INDIGENT SUPPORT POLICY

1. PREAMBLE

WHEREAS section 74 of the Local Government: Municipal Systems Act, No. 32 of 2000, requires that the Council should, in formulating a Tariff Policy for the municipality, at least take into consideration the extent of subsidisation of tariffs for poor households;

WHEREAS Council therefore needs to approve an Indigent Support Policy;

WHEREAS such policy must provide procedures and guidelines for the subsidisation of basic services and tariff charges to its indigent households; and

WHEREAS the Council has committed itself to render a basic level of services necessary to ensure an acceptable and reasonable quality of life, which takes into account health and environmental considerations;

NOW THEREFORE the Council of the Ugu Municipality has adopted the **Indigent Support Policy** set out hereunder:

2. DEFINITIONS

For the purpose of this policy, any word or expression to which a meaning has been assigned in the Act, shall bear the same meaning in this policy, and unless the context indicates otherwise –

"Act" means the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), as amended from time to time;
"Authorised Officer" means any official of the Council who has been authorised by the Council to administer, implement and enforce the provisions of this Policy;
"by-law" means a by-law adopted by the Council;
"Municipal manager" means the person appointed by the Council as the Municipal Manager of the Ugu Municipalities in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998), and includes any person:

(a) Acting in such position; and
(b) to whom the Municipal Manager has delegated a power, function or duty;

"Council" means –
The Council of the Ugu Municipality established by Provincial Notice No. 1264 of Government Gazette 21807 of 28 November 2000, as amended, exercising its legislative and executive authority through the municipality; or

(a) its successor in title; or
(b) a structure or person exercising a delegated power or carrying out an instruction, where any power in these by-laws has been delegated or sub-delegated, or an instruction given, as contemplated in section 59 of the Act; or
(c) a service provider fulfilling a responsibility under these by-laws, assigned to it in terms of section 81(2) of the act, or any other by-law, as the case may be;

"indigent person" means a person who meets **criteria on qualification for indigent support.**
"municipality" means municipalities within Ugu District Municipality
"services" means the basic services referred to in this policy
"household" means all the people who permanently reside in the dwelling
"dwelling" means property registered in the deeds office or allocated to a family by the Traditional Authority, with an Ugu water connection

INDIGENT SUPPORT POLICY

3. POLICY OBJECTIVE

The objective of the policy is to ensure the following:

- The provision of basic services to the community in a sustainable manner, within the financial means of Council; and
- To provide procedures and guidelines for the subsidisation of service charges and rates to its indigent households, using a portion or the whole of the Equitable Share for this purpose.
- Council also recognises that many of the residents can simply not afford to pay the required service charges and rates, and Council will endeavour to ensure affordability through:
- Setting rates and tariffs which will balance the economic viability of continued service delivery; and
- Determine appropriate service levels.

4. CRITERIA FOR QUALIFICATION FOR INDIGENT SUPORT

- The indigent subsidy shall apply to a household[1] per dwelling[2] and not an individual.
- The property must be zoned residential.
- The total gross monthly income of all members of the household must not exceed two old age grants (excluding disability and child grant)
- Household's dependant on social welfare grants only may also apply.
- The applicant as well as any other member of the household shall not own other fixed property other than the one on which they reside.
- Multi unit residential - bulk users and Non Government Organizations are excluded from this policy
- Each household will receive 6kl
- ***Free basic water will not be carried over. Only water consumed in that particular month will be rebated up to a maximum of 6kl.***

5. REQUIREMENTS

The following documents should be submitted together with the application form:

- Copies of identity documents for household members 18 years and above.
- Copies of birth certificates of household members younger than 18 years.
- Copies of proof of income or written affidavits confirming status of employment or circumstances from each household member 18 years and above
- Proof of ownership or occupancy e.g. Title deed or letter from ward councillor confirming occupancy status

- Where property owner or account holder is deceased, copy of the death certificate and letter from ward councillor confirming that applicant resides in the dwelling.

6. APPLICATION FOR INDIGENT SUPPORT

- The legal owner of a dwelling who is responsible for the payment of the water and sanitation services account must apply for the household to be registered as indigent.
- Application forms are available from any of the Water Services Offices within the Ugu District Municipality and can also be posted on request.

7. AVENUES FOR SUBMISSION OF APPLICATION FORMS

- Submit through Ward Councillor
- Submit personally to any of Ugu District Municipality offices

8. PROCESSING OF APPLICATION

- Each application will be given a number, registered on the Indigent
- Support application register and an Indigent Support Application card issued to the applicant for control purposes.
- The application will be processed within two weeks of receipt by Municipality in a manner prescribed by the internal processes.
- A letter informing the applicant of the status of the application will be sent to the applicant within two weeks of finalizing the application scrutiny process.
- For the purposes of transparency, on an annual basis the following key information of the recipient's indigent support shall be displayed on all Councils and notice boards of Local Municipalities.
- Names of Households benefiting from the Indigent Support
- Stand number where services are rendered to the recipients
- Any resident may query the qualification of a recipient in writing within
- Days from the date of publication of such listings.
- A report on Indigent Support shall be done to the Budget and Finance Committee quarterly

9. DURATION OF THE INDIGENT SUPPORT BENEFIT

- Indigent support is only provided for a period of 12 months, from date of approval, where after the applicant must submit Form UIS 3, confirming that its circumstances has not changed since its initial application and that it still qualifies for indigent support in terms of the latest criteria.
- The Municipality will send a written notice to the approved household, at least two months prior to expiry of the approval, but the onus still rests on the applicant or another permanent adult occupant on the property to submit Form UIS 3

10. RESPONSIBILITY OF THE INDIGENT SUPPORT APPLICANT/ BENEFICIARY

- Should, at the most, 21 days lapse without receiving any feedback regarding the application, the applicant should enquire as to the status of the application through the call centre.
- The onus is on the beneficiary to inform the Municipality of any change in his/her status or personal household circumstances that might affect their Indigent status.

11. USAGE IN EXCESS OF THE BASIC SERVICE LEVELS

- All services used in excess of the basic municipal services level shall be levied at the current scale of tariff and payable on the due date and a device will be installed to control water usage.
- If the excess account is not paid for as and when due, the services shall be restricted to the basic level and the normal credit control and debt collection policy shall be implemented.

12. WITHDRAWAL OF INDIGENT SUPPORT BY THE MUNICIPALITY

- The Indigent support shall be withdrawn by the Municipality in the event of the beneficiary misusing the system or providing incorrect information.
- In this regard the Municipality shall recover from the recipient the amount of relief furnished by debiting the beneficiary's account.
- The Municipality shall apply its credit control policy in accordance with the credit control and debt collection policy.
- The Municipality shall institute a criminal charge of fraud against the beneficiary.
- The Indigent support will cease should the form UIS 3 not be supplied to the municipality.

13. EXTENUATING CIRCUMSTANCES

- In the event of death of one of the member of the household, and where the flow has been limited, full flow will be reinstated from the day of death to the day of the funeral after which the flow shall be limited again.
- In the event of a household member suffers from a sickness requiring excessive usage of water and is under a home based care programme, such a household will be eligible to apply for additional allocation of water, approval of which is subject to the Municipality's conditions.

14. WHAT DOES THE INDIGENT SUPPORT BENEFIT COVER

On approval of the application the Municipality shall provide the following

- Basic Municipal Services which include:
- Access to a minimum safe water supply[3] as determined by Council
- Adequate sanitation[4] as determined by Council
- Once off credit equivalent to the outstanding balance on the dwelling at the date of approval.
- Where there are leaks after the meter or in the property, they may be attended to in terms of the bylaws S58 (4) (c) and the cost may be recovered from the Indigent Support allocation.
- Cost of restriction shall be recovered from the Indigent Support allocation.
- Excess usage in the event of death shall be recovered from the Indigent Support allocation

15. MISCELLANEOUS

- Should any circumstances not covered by this policy regarding the administration of the Indigent Support policy arise, and is urgent, it shall be referred to the General Manager, Treasury.

[3] As determined in the annual municipal budget
[4] As determined in the annual municipal budget.

16. COMMUNICATION

- From time to time the municipality will endeavour to communicate its policy adequately, so that members of the community are apprised of the existence of such a policy or any amendments that may have been done by Council.
- Structures, processed and or platforms that shall be used to communicate the benefits of the policy shall include:

a) The Ward Committee
b) The Ward Councillors
c) Community meetings
d) Budget and IDP road shows
e) Special events
f) Local media

- Any communication issued by the municipality must be coordinated by the Communications Unit or the Municipal Manager or his delegated authority.

17. SANITATION REBATE

All applications will be considered on the following basis:

- The Sanitation Rebate subsidy will apply to a household per dwelling and not to an individual.
- Each household shall receive a rebate on the fixed sanitation basic charge as determined by Council.
- The legal owner of a dwelling who is responsible for the payment of the water and sanitation services account must apply for the household to be registered as a sanitation rebate beneficiary.
- The applicant as well as any other member of the household shall not own other fixed property other than the one on which they reside.
- The sanitation rebate shall be withdrawn by the Municipality in the event of the beneficiary misusing the system or providing incorrect information.

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UGU DISTRICT MUNICIPALITY

CASH AND INVESTMENT POLICY

CASH AND INVESTMENT POLICY

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21. Management of stock
22. Short and Long-term Debt
23. Conclusion

CASH AND INVESTMENT POLICY

1. DEFINITIONS

In this Investment and Cash Management Policy, unless the context otherwise indicates, a word of expression to which a meaning has been assigned in the Local Government: Municipal Finance Management Act No. 56 of 2003 and other related legislations/Regulations, has the same meaning as in that Act.

- **Accounting Officer:** is the Municipal Manager.
- **Act:** means the Local Government: Municipal Finance Management Act No. 56 of 2003, the Local Government: Municipal Systems Act No. 32 of 2000.
- **Accounting Principles:** mean stipulated guidelines to be followed.
- **Acquisition:** means acquiring goods or services through procurement policies.
- **Agents:** mean professional bodies appointed to execute a specific task on behalf of the Ugu District Municipality.
- **Accounts:** mean statement of moneys received.
- **Assignee:** means a person with a delegated authority.
- **Bank:** means an institution recognized by the Registrar of Banks.
- **Bank Account:** is the recognized statement of financial holdings on behalf of the municipality.
- **Cash:** means money, such as bank notes and coin, or cash equivalents.
- **Chief Financial Officer:** means an official, designated by the accounting officer who is responsible for the financial affairs of the municipality.
- **Constitution of the Republic of South Africa, Act No. 108 of 1996:** means the Supreme Law of the Republic of South Africa.
- **Cash Management:** means efficient and effective management of funds.
- **Delegate:** means an official/person delegated to perform tasks on behalf of another person.
- **Delegated Authority:** means any person/persons/committee delegated with the authority to act for on behalf of Ugu District Municipality.
- **Diversification of Investments:** means investing in more, or more than one type of financial instrument.
- **Investment Ethics:** mean ethical framework within which investments must take place.
- **Liquidity:** means the ease with which financial instruments can be converted to cash or cash equivalents.
- **Municipal Entity:** means the developmental arm of the municipality established in terms of the Local Government: Municipal Finance Management Act No. 56 of 2003, in particular.
- **Municipality:** means the Ugu District Municipality.
- **Ownership:** means that all investments must be made in the name of the Ugu District Municipality.
- **Short term investment:** means a financial instrument with a lifespan or maturity of less than or equal to1 year.
- **Long term investment:** means financial instrument with a lifespan or maturity of greater than a year.

CASH AND INVESTMENT POLICY

2. OBJECT OF THE POLICY

In terms of the Municipal Finance Management Act, Act 56 of 2003, Section 13(2): "Each Municipal Council and Governing body shall adopt by resolution an investment policy regarding the investment of its cash resources not immediately required.

An Accounting Officer has an obligation to ensure that cash resources are managed as effectively, efficiently and economically as possible. Competitive investment and effective cash management ensures both short term and long-term viability and sustainability of the municipality. Hence, it is critical for the Ugu District Municipality to have its own investment and cash management policy located within the local government legislative framework. This policy should be read and understood against this background.

The primary and the ultimate goal of the investment of funds is to earn the safety of returns on investment principal, an amount invested whilst managing liquidity requirements and, providing the highest return on investment at minimum risk, within the parameters of authorized instruments as per the MFMA

3. CASH MANAGEMENT

3.1 OPENING OF A BANK ACCOUNT

The CFO will ensure that the municipality opens and maintains the following minimum bank accounts:

- General Bank Account – normal municipal receipts and payments
- External Financing Fund – to record loan receipts and accumulations towards the repayment of such loans
- Capital Replacement reserve – this reserve must be cash backed at all times and therefore requires a separate bank account
- Unutilized Capital Receipts – this is to account for unutilized conditional grant monies and developer contributions, requires a separate bank account and must be cash backed.
- Consumer deposits – this is to account for consumer deposits received and must be cash backed and requires a separate bank account.

A specific account will be identified as a primary bank account and all the allocations from national, provincial and other spheres of government will be deposited into this account

3.2 MANAGEMENT OF A BANK ACCOUNT

Only the accounting officer or his/her delegate is authorized to withdraw money from the municipality's bank account and the delegated powers shall be in accordance with limits which will be specified by the accounting officer

The responsibility for the management of all the municipal bank accounts will be allocated by the Chief Financial Officers to the officials of the Treasury department in accordance with their job descriptions

The Chief Financial Officer or his/her delegate will review reconciliations of all the municipal bank accounts on a monthly basis.

3.3 CASH MANAGEMENT

All monies received by the municipality must be deposited into the municipal bank account promptly.

The CFO will establish an internal control procedure for the operation and maintenance of the following process with regards to cash management:

- Receipting, and banking of and reconciliations of daily cash and cheques
- Returned cheque register
- Unallocated receipts/deposit registers

3.4 PETTY CASH

The municipality keeps petty cash floats at two of its offices, that is Treasury office and Park Rynie office.

Each petty cash float will be limited to R2 000 for the Treasury office and ~~R500 for~~ the Park Rynie offices.

Each transaction of petty cash shall not exceed R2 000.

Comment [f1]: Amounts increased to R 2 000,00

The officials who are responsible for petty cash management will be independent of all other cash functions like cashiering

An imprest system of petty cash will be used.

4 CASH FLOW ESTIMATES

Before money can be invested, the Accounting Officer or his/her delegate must determine whether there will be surplus funds after meeting the necessary obligations.

To be able to make investments for any fixed terms; it is essential that cash flow estimates are prepared.

The Auditor-General requires the financial institution, where the investment is made, to issue a certificate for each investment made. This certificate must state that no commission has, nor will, be paid to any agent or third party, or to any person nominated by the agent or third party.

5 INVESTMENT ETHICS

- The Municipal Manager and his/her delegate are responsible for the investment of funds and must ensure that there is no interference in these processes.
- Under no circumstances may he/she accept bribes into making an investment.
- No member of staff may accept any gift unless that gift can be deemed so small that it would not have an influence on his/her relationship with the said institution.
- The gift must be declared to the Municipality.

The Municipal Manager and his/her delegate must act according to their discretion and must report any serious cases of payment in kind or gifts, to the Municipal Council. Excessive gifts and hospitality should be avoided at all costs.

5.1 RISK MANAGEMENT

The preservation of principal is the foremost objective of the investment program. To attain this objective, diversification is required to ensure that the Municipal Manager or his/her nominee prudently manages risk exposure. Risk profiles should be minimized by only placing investments with institutions and instruments approved by the Public Investment Commission or the Republic of South Africa: National Minister of Finance.

5.2 PRUDENCE

Investments shall be made with care, skill, prudence and diligence. The approach must be that which a prudent person acting in a like capacity and familiar with investment matters would use in the investment of funds of like character and with like aims, to safeguard the principal and maintain the liquidity needs of the Municipality. Investment officials are required to:

a. Adhere to written procedures and policy guidelines.
b. Exercise due diligence.
c. Prepare all reports timeously.
d. Exercise strict compliance with all legislation.

5.3 OWNERSHIP

All investments must be made in the name of the Ugu District Municipality.

6 DELEGATION OF AUTHORITY

The delegation to authorise investments must distinguish between short term & long-term investments. The authority to make long-term investments as provision of security, is vested with the Municipal Council in terms of Section 48 of the MFMA and with reference to section 11(1) (h) of the MFMA dealing with cash management, the responsibility to make short investments lies with the Municipal Manager or Chief Financial Officer or any other senior financial officer authorised by either the Municipal Manager or the Chief Financial Officer/ relevant assignee.

The Local Government Municipal Systems Act of 2000, Section 3, (60) (2) states that the Municipal Council may only delegate to an Accounting Officer, Executive Committee, Mayor or Chief Financial Officer decisions to make investments on behalf of the municipality within a policy framework determined by the Minister of Finance.

The Chief Financial Officer is responsible for the investment of municipality's funds that are made under section 13 of the Municipal Finance Management Act.

7 INVESTMENT ISSUE PERTAINING TO MUNICIPAL COUNCIL APPROVAL

In the event that an investment that needs to be made, quotations are required from the various financial institutions. In the case of telephonic quotations, the following information is required:

- The name of the person, who gave the quotation,
- The relevant terms and rates and
- Other facts such as if interest is payable on a monthly basis or on a compound basis upon maturation.

Where payments to financial institutions in respect of investments are to be effected by cheque, the following procedures must apply:

- The Manager: Equity & Accounts must complete a cheque requisition form and submit it to the Municipal Manager and the Chief Financial Officer together with the supporting quotations,
- The Municipal Manager and the Chief Financial Officer must either authorize the requisition or submit it to the Municipal Council for authorization depending on the value of the investment,
- When the Municipal Council or the Municipal Manager have authorized the requisition, the Municipal Manager and the Chief Financial Officer or their delegated signatories are required to sign the cheque and submit it to the financial institution concerned.

All investment documents must be signed by two authorized cheque signatories.

The Chief Financial Officer must ensure that a bank, insurance company or other financial institution, which at the end of a financial year holds, or at any time during a financial year held, an investment for the municipality must:

- Within 30 days after the end of that financial year, notify the Auditor-General, in writing, of [illegible] investment, including the opening and closing balances of that investment in that financial year and
- Promptly disclose information regarding the investment when so requested by the National Treasury or the Auditor-General.
- Promptly disclose information of any possible or actual change in the investment portfolio, which could or will have a material adverse effect.

8 MUNICIPAL ENTITIES

The board of Directors of all municipal entities must adopt this cash management and investment policy. Further, the same municipal entities must submit reports, as detailed in the reporting and monitoring procedures, in the same manner as Ugu District Municipality, to the Mayor.

9 POLICY REVIEW

This policy must be reviewed annually and be tabled to the Municipal Council for approval.

10 INTERNAL CONTROL PROCEDURES

An investment register should be kept of all investments made. The following facts must be indicated:

Name of institution;

- **Capital invested;**
- **Date invested;**
- **Interest rate; and**
- **Maturity date and**
- **Interests earned on investments.**

The investment register and accounting records must be reconciled on a monthly basis.

The investment register must be examined on a fortnightly basis by the senior official under the direction of the Chief Financial Officer/ assignee as instructed, to identify investments falling due within the next [illegible] weeks. An investment plan must then be established for the next calendar month bearing in mind the cash flow requirements.

Interest, correctly calculated, must be received timeously, together with any distributable capital. The Chief Financial Officer or his/her assignee must check that the interest is calculated correctly, in terms of sound universally accepted financial management practices.
Investment documents and certificates must be safeguarded in a fire resistant safe, with dual custody. The following documents must be safeguarded:

- Fixed deposit letter or investment certificate;
- Receipt for capital invested;
- Copy of electronic transfer or cheque requisition;
- Schedule of comparative investment figures;
- Commission certificate indicating no commission was paid on the investment; and
- Interest rate quoted.

All investment must be denominated in South African Rand (ZAR)

The Chief Financial Officer or his/her assignee is responsible for ensuring that the invested funds have been invested with financial institutions approved by the Republic of South Africa: National Minister of Finance, Public Investors Commission or with a bank rating of AA and endeavour to minimize risk exposure.

11 REPORTING AND MONITORING PROCEDURES

The Municipal Manager must within 10 days of the end if each month submit to the Mayor or Finance, Budget Control & Monitoring Committee a report describing in detail the investment and cash flow position of the municipality as at the end of the month.
The report must contain a statement, prepared in compliance with generally recognized accounting principles/generally accepted municipal accounting principles, that states the:

- beginning market value for the period
- additions and changes to the market value during the period
- ending market value for the period
- fully accrued interest/yield for the reporting period
- the credit risk rating for the institutions whose securities are held by the municipality as at beginning and end of the reporting period
- investments disposed of due to adverse changes in credit ratings
- diversification of investments
- any investments locked into a time period with an institution that has a rating that is not acceptable according to Fitch, Naspers or CA-ratings.

12 PERMITTED INVESTMENTS

The Republic of South Africa: National Minister of Finance may identify by regulation in terms of Section 168 of the Municipal Finance Management Act instruments or investments other than those referred to below in which Municipality may invest:

- Deposits with banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990);
- Securities issued by the National Government;
- Investments with the Public Investment Commissioners as contemplated by the Public Investment Commissions Act, 1984 (Act No. 5 of 1984);
- Listed corporate bonds with an investment grade rating from a nationally or internationally recognized credit rating agency;
- Deposits with the corporation for Public Deposits as contemplated by the Corporation for Public Deposits Act, 1984 (Act 46 of 1984);
- Banker's acceptance certificates or negotiable certificates of deposits of banks registered in terms of the Banks Act, 1990 (Act 94 of 1990);
- Municipal Bonds issued by a Municipality
- Guaranteed endowment policies with the intention of establishing a sinking fund; and
- Repurchase agreements with banks registered in terms of the Banks Act, 1990 (Act 94 of 1990)

13 EXISTING INVESTMENTS

Current investments that were not permitted investments at the time of purchase do not have to be liquidated.

14 INVESTMENT DIVERSIFICATION

The Chief Financial Officer must ensure that available money is not invested with one institution. Investment will be restricted to institutions with a minimum credit rating of [AA].

The maximum term for any investment, may be 2 years, other than ceded investments.

15 PERFORMANCE EVALUATION

The performance of the investment portfolio must be evaluated quarterly. The time weighted yield attributable to the investment portfolio must be calculated each quarter and compared with the prevailing returns available on securities issued by the National Government.

A report discussing the performance of the investment portfolio must be submitted to the Chief Financial Officer within 10 days of the end of each quarter.

16 USE OF INDEPENDENT INVESTMENT MANAGERS

Should the need arise to use an investment manager at any time; one will be appointed using Supply Chain Management principles and practices.

17 CASH MANAGEMENT

The Chief Financial Officer, inter-alia, has to ensure financial viability and sustainability of the municipality. In order to achieve this in a sustainable manner, the Chief Financial Officer must ensure that internal financial systems and controls are in place that will enable the Municipality to detect the mismanagement of funds.

18 UNALLOCATED RECEIPTS

All unclaimed and unidentified deposits older than three (3) years shall be publicized in a local newspaper on an annual basis and if unclaimed within the specified time frame, such monies will be transferred to sundry income.

19 PAYMENT OF CREDITORS

Due to the high bank charges with regard to cheque payments, it is essential to limit the payment of creditors to one payment per creditor per month. Should the facility be available, payments should be done by electronic transfer (subject to strict controls).
When considering the time to pay a creditor, proper consideration must be given to the conditions of credit terms of payment offered.

- In cases where a cash discount is given for early settlement, the discount, if the relevant time scale is taken into account, must in most cases be more than any investment benefit that could be received from temporarily investing the funds.
- If discounts are offered for early settlement they must be properly considered and utilized.

Besides this, the normal conditions of credit terms of payment offered by suppliers, must also be considered and utilized to the full by paying on the due date and not earlier, provided that no worthwhile discount is available or offered.

20 BANK AND CASH IN TERMS OF THE LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT Act NO.56 of 2003, Chapter 3, Part 1.

- All names of bank accounts must be changed to the name of the newly created municipality,
- New bank accounts must be opened if required,
- All cheques received from the disestablished municipalities must be banked,
- All bank accounts currently held and transferred to the municipality must be accounted for in the new accounting system,
- The official responsible must ensure that the name change on the accounts has been effected,
- All bank and cash must be made in terms of the Cash Management Policy,
- Every municipality must open and maintain at least one bank account in the name of the municipality and
- All money received by a municipality must be paid into its bank account in the name of the municipality as per the abovementioned legislative framework.

21 MANAGEMENT OF STOCK

Cash management must be improved by seeing that adequate stock control is exerted over all goods kept in stock.

22 SHORT- AND LONG-TERM DEBT

A municipality may only incur debt in terms of the Municipal Finance Management Act No. 56 of 2003.The municipality may incur two types of debt, namely short-term and long-term debt.

22.1. SHORT-TERM DEBT

A municipality may incur short-term debt only when necessary to bridge:

- Shortfalls within a financial year during which the debt is incurred, in expectation of specific and realistic anticipated income to be received within that financial year or

- Capital needs within a financial year, to be repaid from specific funds to be received from enforceable allocations or long- term debt commitments.

A municipality:

- Must pay off short-term debt within a financial year and
- May not renew or refinance its short-term debt.

22.2. LONG-TERM DEBT

A municipality may incur long-term debt for purposes of financing its long-term strategic objectives, as outlined in the Constitution of the Republic of South Africa, Act No. 108 of 1996, and Chapter 7 on Local Government.

- *To provide democratic and accountable government for local communities,*
- *To ensure the provision of services to communities in a sustainable manner,*
- *To promote social and economic development,*
- *To promote a safe and healthy environment and*
- *To encourage the involvement of communities and community organizations in the matters of local government.*

23. CONCLUSION

The Municipal Manager in particular and the Chief Financial Officer must ensure that the implementation of this policy is done according to the prescripts. Any deviations due to unforeseen circumstances must be brought to the attention of the Municipal Council in a written form and recommended remedial solutions thereof.

CASH AND INVESTMENT POLICY

Records of Approval

Meeting	Date	Resolution
Manco		
EXCO		
Revision 1_2013		
BTS Task Team		
Manco		
Extended Manco		
LLF		
Corporate Services Portfolio		
EXCO		

UGU DISTRICT MUNICIPALITY

FIXED ASSET MANAGEMENT POLICY

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PART 1 DEFINITION OF A FIXED ASSET

A fixed asset is defined in GAMAP 17 as a tangible item of property, plant or equipment held by a municipality for use in the productions or supply of goods or services, for rental to others, or for administrative purposes, and which is expected to be used during more than one reporting period (financial year).

A fixed asset is thus an asset, either movable or immovable, under the control of the municipality, and from which the municipality reasonably expects to derive economic benefits, or reasonably expects to use in service delivery, over a period extending beyond one financial year.

To be recognised as a fixed asset, an asset must also meet the criteria referred to in parts 13, 14 and 15 below.

Assets held under leases

Finance leases are leases, which in effect transfer all risks and rewards associated with the ownership of an asset from the lessor to the lessee. Assets held under finance leases are capitalized by the municipality and reflected as such in the FAR. It will be capitalized at its leased value at commencement of the lease, which will be the price stated in the lease agreement. The asset is then depreciated over its expected useful life.

Operating leases are those leases which do not fall within the scope of the above definition. Operating lease rentals are expensed as they become due. Assets held under operating leases are not accounted for in the asset registers of the municipality.

PART 2 FUNCTIONAL RESPONSIBILITIES

The purpose of this section is to prescribe the responsibilities of the Municipality regarding assets as follows:

2.1. The Municipal Manager
2.2. The Treasury Section: Equity & Accounts.
2.3. The Budget Office
2.4. The Expenditure Section
2.5. The Supply Chain Management Section
2.6. Human Resources Section (HR)
2.7. Other Departments

2.1. The Municipal Manager

The Municipal Manager or his duly delegated representative is responsible to:

a) Ensure implementation of the approved Asset Management Policy as required in terms of section 63 of the Municipal Finance Management Act (MFMA).

b) Verify assets in possession of the Council annually, during the course of the financial year.

c) Keep a complete and balanced record of all assets in possession of the Council.

d) Report in writing all asset losses, where applicable, to Council.

e) Ensure that assets are valued and accounted for in accordance with GRAP.

2.2 The Treasury Section: Equity & Accounts.

The Treasury Section: Equity & Accounts:

a) Shall ensure that complete records of asset items are kept, verified and balanced regularly,

b) Shall ensure that all departments are doing annual asset verification. The results of this verification must be reported to the Municipal Manager or Council.

c) The asset verification report shall –

   i. Reflect a complete list of all assets found during the verification;

ii. Reflect whether appropriate records have been maintained reflecting what articles should have been found during verification
iii. Reflect any discrepancies between the articles found during verification and the record referred to in paragraph (b);
iv. Be submitted to the departments for comment on variances reflected

d) Shall ensure that the Asset Register is balanced annually with the general ledger and the financial statements.

e) Shall ensure adequate bar codes and equipment to exercise the function relating to asset control are available at all times.

f) Provide the Auditor-General or his personnel, on request, with the financial records relating to assets belonging to Council as recorded in the Asset Register.

g) Ensure that all audit queries are resolved in a timely manner.

2.3. The Budget Office:

The Budget Office:

a) Shall ensure that a project is created for approved budgeted capital expenditure that clearly describes the item to be acquired. A clear description of the funding source is also required.

b) Shall release capital funds only after receiving written authority and a clear and concise description of the item to be purchased.

c) Shall ensure that any changes in the capital budget, with regards to funds transferred or project description changes are communicated to Treasury Section: Equity & Accounts.

d) Shall ensure that the relevant information relating to the calculation of depreciation is obtained from the departments and provided to the Treasury Section in the prescribed format.

2.4. The Expenditure Section

The Expenditure Section:

a) Shall ensure that invoices authorized for payment are matched to the goods received note before processing such payment.

b) Shall if any doubt exists as to whether the invoice is in accordance with policy, query the payment with the relevant department and shall not process a payment until the invoice meets the policy criteria

2.5. The Supply Chain Management Section

2.5.1 The Supply Chain Management Section:

a) Shall ensure that the correct material group is allocated to asset acquisitions to enable the creation of the relevant work flow message.
b) The bid committees must comply with and be constituted in accordance with the Supply Chain Management policy.

2.5.2 Expenditure Section: (Stores)

a) Shall ensure that, before accepting an obsolete or damaged asset or asset inventory item, a completed asset form and condemnation form, counter signed by Treasury Section: Equity & Accounts, are presented.

b) Shall ensure that a verifiable record is kept of all obsolete, damaged and unused asset or asset inventory items received from departments.

c) Shall compile a list of the items to be auctioned in accordance with their guidelines and the prescriptions of the Treasury Section: Equity & Accounts.

d) Shall compile and circulate a list of unused movable assets to enable other departments to obtain items that are of use to them.

e) Shall ensure that Budget Office is notified of any auctioning or disposing of written-off asset or asset inventory items.

2.6. Human Resources Section

Human Resources Section:

a) Shall ensure that no monies are paid out on terminations of service without receiving the relevant asset resignation form signed off by the relevant department.

b) Shall ensure that every asset resignation form is counter signed by the Treasury Section: Equity & Accounts before processing the termination of service.

2.7. All other Departments

All Departments:

a) Shall ensure that employees in their departments adhere to the approved Asset Management Policies and Procedures.

b) Shall ensure that an employee with delegated authority has been nominated to implement and maintain physical control over assets in his/her department. Budget Office must be notified of who the responsible person is. Although authority has been delegated the responsibility to ensure adequate physical control over each asset remains with the Head of Department.

c) Shall ensure that assets are properly maintained in accordance with their respective asset maintenance policy.

d) Shall ensure that the assets and / or inventory items of the municipality are not used for private gain.

e) Shall ensure that they budget for adequate funds for the purchase of bar coding equipment.

f) Shall ensure that all their movable assets as reflected on the Asset Register and the Asset Inventory Register are bar coded.

g) Shall ensure that The Budget Office is notified of any changes in the status of the assets under the departments. This must be done on the prescribed form and include the following:
   - Movements which relate to the writing-off of and transfer of assets (inter departmental transfers).
   - Changes in the estimated useful lives of assets for depreciation purposes.
   - The identification of impairment losses on assets by following the procedures as outlined in this policy document.

h) Shall certify in writing that they have assessed and identified impairment losses on all assets at year end.

i) Shall ensure that a complete asset verification of all inventory and asset items is done during the course of every financial year and that the results of the verification are reported to Budget Office.

j) Shall ensure that all obsolete and broken inventory and asset items, accompanied by the relevant asset form and attached condemnation forms, are handed in to the inventory management section without delay.

k) Shall be responsible for maintaining and managing their own Departmental Asset Inventory Records (DIR) for items that will not be recorded the in the Asset Register or Asset Inventory Register. These inventory assets are acquired via the operational budget. The information to be recorded in the DIR must include the description, quantity and location of the items.

l) Shall ensure that the correct cost element and description are being used before authorizing any requisitions.

m) The detailed projects as created must be categorized and clearly identified as follows:

Immovable Assets:

- Infrastructure assets
- Roads
- Buildings
- Land
- Pedestrian Malls
- Airports
- Recreational Facilities
- Security Measures
- Asset under construction (Only an asset after completion)
- Town Development
- Investment Properties

Movable Assets:

- Office Equipment
- Furniture and Fittings
- Bins and Containers
- Emergency Equipment
- Motor Vehicles
- Aircraft
- Watercraft
- Plant and Equipment
- Vehicles
- Furniture
- Plant
- Small Plant

PART 3 FORMAT OF FIXED ASSET REGISTER

The fixed asset register shall be maintained in the format determined by the chief financial officer, which format shall comply with the requirements of generally recognised accounting practice (GRAP) and generally accepted municipal accounting practice (GAMAP) and any other accounting requirements which may be prescribed.

The fixed asset register shall reflect the following information:

- a brief but meaningful description of each asset
- the date on which the asset was acquired or brought into use
- the location of the asset
- the department(s) or vote(s) within which the assets will be used
- the title deed number, in the case of fixed property
- the stand number, in the case of fixed property
- where applicable, the identification number, as determined in compliance with part 11 below
- the original cost, or the revalued amount determined in compliance with part 26 below, or the fair value if no costs are available
- the (last) revaluation date of the fixed assets subject to revaluation
- the revalued value of such fixed assets
- who did the (last) revaluation
- accumulated depreciation to date
- the depreciation charge for the current financial year
- the carrying value of the asset
- the method and rate of depreciation
- Accumulated impairment losses to date
- impairment losses incurred during the financial year (and the reversal of such losses, where applicable)
- the source of financing
- the current insurance arrangements

- whether the asset is required to perform basic municipal services
- whether the asset has been used to secure any debt, and – if so – the nature and duration of such security arrangements
- the date on which the asset is disposed of
- the disposal price
- the date on which the asset is retired from use, if not disposed of.

All heads of department under whose control any fixed asset falls shall promptly provide the chief financial officer in writing with any information required to compile the fixed asset register, and shall promptly advise the chief financial officer in writing of any material change which may occur in respect of such information.

A fixed asset shall be capitalised, that is, recorded in the fixed assets register, as soon as it is acquired. If the asset is constructed over a period of time, it shall be recorded as work-in-progress until it is available for use, whereafter it shall be appropriately capitalised as a fixed asset.

A fixed asset shall remain in the fixed assets register for as long as it is in physical existence. The fact that a fixed asset has been fully depreciated shall not in itself be a reason for writing-off such an asset.

PART 4 CLASSIFICATION OF FIXED ASSETS

In compliance with the requirements of the National Treasury, the chief financial officer shall ensure that all fixed assets are classified under the following headings in the fixed assets register, and heads of departments shall in writing provide the chief financial officer with such information or assistance as is required to compile a proper classification:

PROPERTY, PLANT AND EQUIPMENT

- land (not held as investment assets)

- infrastructure assets (assets which are part of a network of similar assets)
- community assets (resources contributing to the general well-being of the community)
- heritage assets (culturally significant resources)
- other assets (ordinary operational resources)

INVENTORY

- housing (rental stock or housing stock not held for capital gain)

INVESTMENT PROPERTY

- investment assets (resources held for capital or operational gain)

The chief financial officer shall adhere to the classifications indicated in the annexure on fixed asset lives (see part 33 below), and in the case of a fixed asset not appearing in the annexure shall use the classification applicable to the asset most closely comparable to the asset in question.

PART 5 INVESTMENT PROPERTY

Investment assets shall be accounted for in terms of IAS 40 and shall not be classified as property, plant and equipment for purposes of preparing the municipality's statement of position.

Investment assets shall comprise land or buildings (or parts of buildings) or both held by the municipality, as owner or as lessee under a finance lease, to earn rental revenues or for capital appreciation or both.

Investment assets shall be recorded in the fixed assets register in the same manner as other fixed assets, but a separate section of the fixed assets register shall be maintained for this purpose.

Investment assets shall not be depreciated, but shall be annually valued on balance sheet date to determine their fair (market) value. Investment assets shall be recorded in the balance sheet at such fair value. Adjustments to the previous year's recorded fair value shall be accounted for as either gains (revenues) or losses (expenses) in the accounting records of the department or service controlling the assets concerned.

An expert valuer shall be engaged by the municipality to undertake such valuations unless available in-house.

If the council of the municipality resolves to construct or develop a property for future use as an investment property, such property shall in every respect be accounted for as an ordinary fixed asset until it is ready for its intended use – whereafter it shall be reclassified as an investment asset.

PART 6 FIXED ASSETS TREATED AS INVENTORY

Any land or buildings owned or acquired by the municipality with the intention of selling such property in the ordinary course of business, or any land or buildings owned or acquired by the municipality with the intention of developing such property for the purpose of selling it in the ordinary course of business, shall be accounted for as inventory, and not included in either property, plant and equipment or investment property in the municipality's statement of position.

Such inventories shall, however, be recorded in the fixed assets register in the same manner as other fixed assets, but a separate section of the fixed assets register shall be maintained for this purpose.

PART 7 RECOGNITION OF HERITAGE ASSETS IN THE FIXED ASSET REGISTER

If no original costs or fair values are available in the case of one or more or all heritage assets, the chief financial officer may, if it is believed that the determination of a fair value for the assets in question will be a laborious or expensive undertaking, record such asset or assets in the fixed asset register without an indication of the costs or fair value concerned.

For balance sheet purposes, the existence of such heritage assets shall be disclosed by means of an appropriate note.

PART 8 RECOGNITION OF DONATED ASSETS

Where a fixed asset is donated to the municipality, or a fixed asset is acquired by means of an exchange of assets between the municipality and one or more other parties, the asset concerned shall be recorded in the fixed asset register at its fair value, as determined by the chief financial officer.

PART 9 SAFEKEEPING OF ASSETS

Every head of department shall be directly responsible for the physical safekeeping of any fixed asset controlled or used by the department in question.

In exercising this responsibility, every head of department shall adhere to any written directives issued by the municipal manager to the department in question, or generally to all departments, in regard to the control of or safekeeping of the municipality's fixed assets.

PART 10 IDENTIFICATION OF FIXED ASSETS

The municipal manager shall ensure that the municipality mai
asset identification system which shall be operated in conjun
computerised fixed asset register.

The identification system shall be determined by the munici
acting in consultation with the chief financial officer and ot
departments, and shall comply with any legal prescriptions, a
recommendations of the Auditor-General as indicated in the
audit report(s), and shall be decided upon within the co
municipality's budgetary and human resources.

Every head of department shall ensure that the asset identific
approved for the municipality is scrupulously applied in respe
assets controlled or used by the department in question.

PART 11 PROCEDURE IN CASE OF LOSS, THEFT, DESTR IMPAIRMENT OF FIXED ASSETS

Every head of department shall ensure that any incident o
destruction, or material impairment of any fixed asset controlle
the department in question is promptly reported in writing to the
officer, to the internal auditor, and – in cases of suspected thef
damage – also to the South African Police Service.

PART 12 CAPITALISATION CRITERIA: MATERIAL VALUE

No item with an initial cost or fair value of less than R5 000 (
rand) – or such other amount as the council of the municipality
to time determine on the recommendation of the municipal mana
recognised as a fixed asset. If the item has a cost or fair value l
capitalisation benchmark, it shall be treated as an ordinary opera

Every head of department shall, however, ensure that any item with a value in excess of R250 (two hundred and fifty rand), and with an estimated useful life of more than one year, shall be recorded on a stocksheet. Every head of department shall moreover ensure that the existence of items recorded on such stocksheets is verified from time to time, and at least once in every financial year, and any amendments which are made to such stocksheets pursuant to such stock verifications shall be retained for audit purposes.

PART 13 CAPITALISATION CRITERIA: INTANGIBLE ITEMS

No intangible item shall be recognised as a fixed asset, except that the chief financial officer, acting in strict compliance with the criteria set out in IAS 38 (dealing with research and development expenses) may recommend to the council that specific development costs be recognised as fixed assets.

PART 14 CAPITALISATION CRITERIA: REINSTATEMENT, MAINTENANCE AND OTHER EXPENSES

Only expenses incurred in the enhancement of a fixed asset (in the form of improved or increased services or benefits flowing from the use of such asset) or in the material extension of the useful operating life of a fixed asset shall be capitalised.

Expenses incurred in the maintenance or reinstatement of a fixed asset shall be considered as operating expenses incurred in ensuring that the useful operating life of the asset concerned is attained, and shall not be capitalised, irrespective of the quantum of the expenses concerned.

Expenses which are reasonably ancillary to the bringing into operation of a fixed asset may be capitalised as part of such fixed asset. Such expenses may include but need not be limited to import duties, forward cover costs, transportation costs, installation, assembly and communication costs.

The following matrix will assist in distinguishing capital expenditure from maintenance expenditure: -

Capital Expenditure	Maintenance
▪ Acquiring a new asset ▪ Replacing an existing asset ▪ Enhancing an existing asset so that its use is expanded ▪ Further developing an existing asset so that its original useful life is extended	▪ Restoring an asset so that it can continue to be used for its intended purpose ▪ Maintaining an asset so that it can be used for the period for which it was initially intended.

PART 15 MAINTENANCE PLANS

Every head of department shall ensure that a maintenance plan in respect of every new infrastructure asset with a value of R100 000 (one hundred thousand rand) or more is promptly prepared and submitted to the council of the municipality for approval.

If so directed by the municipal manager, the maintenance plan shall be submitted to the council prior to any approval being granted for the acquisition or construction of the infrastructure asset concerned.

The head of department controlling or using the infrastructure asset in question, shall annually report to the council, not later than in July, of the extent to which the relevant maintenance plan has been complied with, and of the likely effect which any non-compliance may have on the useful operating life of the asset concerned.

PART 16 DEFERRED MAINTENANCE

If there is material variation between the actual maintenance expenses incurred and the expenses reasonably envisaged in the approved maintenance plan for any infrastructure asset (see part 16 above), the chief

financial officer shall disclose the extent of and possible implications of such deferred maintenance in an appropriate note to the financial statements. Such note shall also indicate any plans which the council of the municipality has approved in order to redress such deferral of the maintenance requirements concerned.

If no such plans have been formulated or are likely to be implemented, the chief financial officer shall redetermine the useful operating life of the fixed asset in question, if necessary in consultation with the head of department controlling or using such asset, and shall recalculate the annual depreciation expenses accordingly.

PART 17 GENERAL MAINTENANCE OF FIXED ASSETS

Every head of department shall be directly responsible for ensuring that all assets (other than infrastructure assets which are dealt with in part 16 and part 17 above) are properly maintained and in a manner which will ensure that such assets attain their useful operating lives.

PART 18 DEPRECIATION OF FIXED ASSETS

All fixed assets, except land and heritage assets, shall be depreciated – or amortised in the case of intangible assets.

Depreciation may be defined as the monetary quantification of the extent to which a fixed asset is used or consumed in the provision of economic benefits or the delivery of services.

Depreciation shall generally take the form of an expense both calculated and debited on a monthly basis against the appropriate line item in the department or vote in which the asset is used or consumed.

However, depreciation shall initially be calculated from the day following the day in which a fixed asset is acquired or – in the case of construction works and plant and machinery – the day following the day in which the fixed asset is brought into use, until the end of the calendar month concerned. Thereafter, deprecation charges shall be calculated monthly.

Each head of department, acting in consultation with the chief financial officer, shall ensure that reasonable budgetary provision is made annually for the depreciation of all applicable fixed assets controlled or used by the department in question or expected to be so controlled or used during the ensuing financial year.

The procedures to be followed in accounting and budgeting for the amortisation of intangible assets shall be identical to those applying to the depreciation of other fixed assets.

PART 19 RATE OF DEPRECIATION

The chief financial officer shall assign a useful operating life to each depreciable asset recorded on the municipality's fixed asset register. In determining such a useful life the chief financial officer shall adhere to the useful lives set out in the annexure to this document (see part 33 below).

In the case of a fixed asset which is not listed in this annexure, the chief financial officer shall determine a useful operating life, if necessary in consultation with the head of department who shall control or use the fixed asset in question, and shall be guided in determining such useful life by the likely pattern in which the asset's economic benefits or service potential will be consumed.

PART 20 METHOD OF DEPRECIATION

Except in those cases specifically identified in part 23 below, the chief financial officer shall depreciate all depreciable assets on the straight-line method of depreciation over the assigned useful operating life of the asset in question.

PART 21 AMENDMENT OF ASSET LIVES AND DIMINUTION IN THE VALUE OF FIXED ASSETS

Only the chief financial officer may amend the useful operating life assigned to any fixed asset, and when any material amendment occurs the chief financial officer shall inform the council of the municipality of such amendment.

The chief financial officer shall amend the useful operating life assigned to any fixed asset if it becomes known that such asset has been materially impaired or improperly maintained to such an extent that its useful operating life will not be attained, or any other event has occurred which materially affects the pattern in which the asset's economic benefits or service potential will be consumed.

If the value of a fixed asset has been diminished to such an extent that it has no or a negligible further useful operating life or value such fixed asset shall be fully depreciated in the financial year in which such diminution in value occurs.

Similarly, if a fixed asset has been lost, stolen or damaged beyond repair, it shall be fully depreciated in the financial year in which such event occurs, and if the fixed asset has physically ceased to exist, it shall be written off the fixed asset register.

In the all the foregoing instances, the additional depreciation expenses shall be debited to the department or vote controlling or using the fixed asset in question.

If any of the foregoing events arises in the case of a normally non-depreciable fixed asset, and such fixed asset has been capitalised at a value other than a purely nominal value, such fixed asset shall be partially or fully depreciated, as the case may be, as though it were an ordinary depreciable asset, and the department or vote controlling or using the fixed asset in question shall bear the full depreciation expenses concerned.

PART 22 ALTERNATIVE METHODS OF DEPRECIATION IN SPECIFIC INSTANCES

The chief financial officer may employ the sum-of-units method of depreciation in the case of fixed assets which are physically wasted in providing economic benefits or delivering services.

The chief financial officer shall only employ this method of depreciation if the head of department controlling or using the fixed asset in question gives a written undertaking to the municipal manager to provide:

- estimates of statistical information required by the chief financial officer to prepare estimates of depreciation expenses for each financial year; and

- actual statistical information, for each financial year.

The head of department concerned shall moreover undertake to provide such statistical information at the specific times stipulated by the chief financial officer.

Where the chief financial officer decides to employ the sum-of-units method of depreciation, and the requirements set out in the preceding paragraph have been adhered to, the chief financial officer shall inform the council of the municipality of the decision in question.

PART 23 CREATION OF NON-DISTRIBUTABLE RESERVES FOR FUTURE DEPRECIATION

The chief financial officer shall ensure that in respect of all fixed assets financed from internal loans and advances, from grants or subsidies or contributions received from other spheres of government or from the public at large, as well as in respect of fixed assets donated to the municipality, a non-distributable reserve for future depreciation is created equal in value to the capitalised value of each fixed asset in question.

The chief financial officer shall thereafter ensure that in the case of depreciable fixed assets an amount equal to the monthly depreciation expenses of the fixed asset concerned is transferred each month from such non-distributable reserve to the municipality's appropriation account. Where there is a difference between the budgeted monthly depreciation expenses and the actual total depreciation expenses for each financial year, the chief financial officer shall appropriately adjust the aggregate transfer from the non-distributable reserve for the year concerned.

PART 24 CARRYING VALUES OF FIXED ASSETS

All fixed assets shall be carried in the fixed asset register, and appropriately recorded in the annual financial statements, at their original cost or fair value less any accumulated depreciation.

The only exceptions to this rule shall be revalued assets (see part 26 below) and heritage assets in respect of which no value is recorded in the fixed asset register (see part 8 above).

PART 25 REVALUATION OF FIXED ASSETS (LAND AND BUILDINGS ONLY)

Subsequent to initial recognition as an asset, an item of **land and buildings** may be carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations shall be made with sufficient regularity such that the carrying amounts do not differ materially from those which would be determined using fair value at the balance sheet date.

The fair value of land and buildings will be based on their market value indicated in the valuation roll. This value will normally be determined by a professional valuer.

The revaluation of land and buildings cannot be limited to specific sets of land or buildings but shall include the entire class of property to which such an asset belongs.

Any increase as a result of a revaluation in the carrying amount will be credited to the NDR under the heading "Revaluation Surplus", however a revaluation increase shall be recognised as revenue to the extent that it reverses a revaluation decrease previously recognised as an expense. Depreciation on the re-valued amount will be charged to the income statement and a transfer will be made from the NDR to offset this depreciation in the statement of changes in equity.

Where a decrease arises such a decrease should be recognised as an expense but may be charged directly against any revaluation surplus to the extent of the balance of such a revaluation surplus.

PART 26 IMPAIRMENT LOSSES

The accounting treatment relating to impairment losses is outlined as follows in **GAMAP 17:**

The carrying amount (Book value) of an item or a group of identical items of property, plant and equipment should be reviewed periodically in order to assess whether or not the recoverable amount has declined below the carrying amount.

Recoverable amount is the amount that the municipality expects to recover from the future use of an asset, including its residual value on disposal. When such a decline has occurred, the carrying amount should be reduced to the recoverable amount. The amount of the reduction should be recognised as an expense immediately, unless it reverses a previous revaluation in which case it should be charged to a non-distributable reserve in accordance with GAMAP 17.

The recoverable amount of individual assets, or groups of identical assets, is determined separately and the carrying amount reduced to recoverable amount on an individual asset, or group of identical assets, basis. However, there may be circumstances when it may not be possible to assess the recoverable amount of an asset on this basis, for example when all of the plant and equipment in a sewerage purification work is used for the same purpose. In such circumstances, the carrying amount of each of the related assets is reduced in proportion to the overall decline in recoverable amount of the smallest grouping of assets for which it is possible to make an assessment of recoverable amount.

The following may be indicators that an item of PPE has become impaired:

- The asset has been damaged.
- The asset has become technologically obsolete.
- The asset remains idle for a considerable period either prior to it being put into use or during its useful life.
- Land is purchased at market value and is to be utilized for subsidized housing developments, where the subsidy is less than the purchase price.

Example:
An example of where the municipality has suffered an impairment loss is the purchase of land for an amount of R 5 000 000. The land will be utilized for new subsidized housing developments. If at year end the expectation is that the Municipality will receive only R 1000 000 by way of subsidies an impairment loss of
R 4 000 000 needs to be recognized. The recoverable amount (R 1 m) is calculated as being the larger of

- **Net Selling price** of the land which is the amount obtainable from the sale of the market in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.
- **Value in use** of the land which is the present value of the estimated future net cash inflows expected from the continuing use of the asset and from its disposal at the end of its useful life.

The following steps will have to be performed regularly during the year to account for impairment losses:

- Departments will identify and inform Treasury Section: Equity & Accounts of assets that:
  - Are in a state of damage at year end.
  - Are technologically obsolete at year end. This can be facilitated if departments require Treasury Section: Equity & Accounts to supply them with a Fixed Asset Register printout pertaining to major assets showing the remaining useful lives of assets. The departments can then assess and indicate cases where the assessed remaining useful life is shorter than the remaining useful life on the printout.
  - Have remained idle for a considerable period either prior to them being put into use at year end or during their useful life.
  - Are subject to impairment losses because the subsidies to be received in exchange for assets are less than the carrying amounts. An example of this is Land that is purchased at market value and is to be utilized for subsidized housing developments.
- The recoverable amounts of these assets need to be calculated by calculating the Net selling Price per asset as defined above.
- The impairment loss per asset needs to be calculated as the difference between the Net selling price and the book value of the asset.
- The impairment loss needs to be accounted for by identifying the relevant funding source.

DISCLOSURE REQUIREMENTS RELATING TO IMPAIRMENT LOSSES:

All material impairment losses need to be disclosed in the notes to the income statement as a separately disclosable item. They are normally disclosed as part of the note on the amounts that are included in the calculation of the Net Surplus or Deficit for the year.

PART 27 VERIFICATION OF FIXED ASSETS

Every head of department shall at least once during every financial year undertake a comprehensive verification of all fixed assets controlled or used by the department concerned.

Every head of department shall promptly and fully report in writing to the chief financial officer in the format determined by the chief financial officer, all relevant results of such fixed asset verification, provided that each such asset verification shall be undertaken and completed as closely as possible to the

end of each financial year, and that the resultant report shall be submi the chief financial officer not later than 30 June of the year in question.

PART 28 ALIENATION OF FIXED ASSETS

In compliance with the principles and prescriptions of the Municipal Fi Management Act, the transfer of ownership of any fixed asset shall b equitable, transparent, competitive and consistent with the munici supply chain management policy.

Every head of department shall report in writing to the chief financial off 31 October and 30 April of each financial year on all fixed assets contro used by the department concerned which such head of department wis alienate by public auction or public tender. The chief financial office thereafter consolidate the requests received from the various depart and shall promptly report such consolidated information to the council municipal manager of the municipality, as the case may be, recomm the process of alienation to be adopted.

The council shall delegate to the municipal manager the authority to ap the alienation of any fixed asset with a carrying value less than R5 0 thousand rand).

The council shall ensure that the alienation of any fixed asset with a c value equal to or in excess of R5 000 (five thousand rand) takes p compliance with Section 14 of the Municipal Finance Management Act, (see part 34 below).

Once the fixed assets are alienated, the chief financial officer shall del relevant records from the fixed asset register.

If the proceeds of the alienation are less than the carrying value reco the fixed asset register, such difference shall be recognised as a loss

income statement of the department or vote concerned. If the proceeds of the alienation, on the other hand, are more than the carrying value of the fixed asset concerned, the difference shall be recognised as a gain in the income statement of the department or vote concerned.

All gains realised on the alienation of fixed assets shall be appropriated annually to the municipality's capital replacement reserve (except in the cases outlined below), and all losses on the alienation of fixed assets shall remain as expenses on the income statement of the department or vote concerned. If, however, both gains and losses arise in any one financial year in respect of the alienation of the fixed assets of any department or vote, only the net gain (if any) on the alienation of such fixed assets shall be appropriated.

Transfer of fixed assets to other municipalities, municipal entities (whether or not under the municipality's sole or partial control) or other organs of state shall take place in accordance with the above procedures, except that the process of alienation shall be by private treaty.

PART 29 OTHER WRITE-OFFS OF FIXED ASSETS

A fixed asset even though fully depreciated shall be written off only on the recommendation of the head of department controlling or using the asset concerned, and with the approval of the council of the municipality.

Every head of department shall report to the chief financial officer on 31 October and 30 April of each financial year on any fixed assets which such head of department wishes to have written off, stating in full the reason for such recommendation. The chief financial officer shall consolidate all such reports, and shall promptly submit a recommendation to the council of the municipality on the fixed assets to be written off.

The only reasons for writing off fixed assets, other than the alienation of such fixed assets, shall be the loss, theft, destruction or material impairment of the fixed asset in question.

In every instance where a not fully depreciated fixed asset is written off, the chief financial officer shall immediately debit to such department or vote, as additional depreciation expenses, the full carrying value of the asset concerned (see also part 22).

PART 30 REPLACEMENT NORMS

The municipal manager, in consultation with the chief financial officer and other heads of departments, shall formulate norms and standards for the replacement of all normal operational fixed assets. Such norms and standards shall be incorporated in a formal policy, which shall be submitted to the council of the municipality for approval. This policy shall cover the replacement of motor vehicles, furniture and fittings, computer equipment, and any other appropriate operational items. Such policy shall also provide for the replacement of fixed assets which are required for service delivery but which have become uneconomical to maintain.

PART 31 INSURANCE OF FIXED ASSETS

The municipal manager shall ensure that all movable fixed assets are insured at least against fire and theft, and that all municipal buildings are insured at least against fire and allied perils.

If the municipality operates a self-insurance reserve (assuming such reserve to be allowed), the chief financial officer shall annually determine the premiums payable by the departments or votes after having received a list of the fixed assets and insurable values of all relevant fixed assets from the heads of departments concerned.

The municipal manager shall recommend to the council of the municipality, after consulting with the chief financial officer, the basis of the insurance to be applied to each type of fixed asset: either the carrying value or the replacement value of the fixed assets concerned. Such recommendation shall take due cognisance of the budgetary resources of the municipality.

The chief financial officer shall annually submit a report to the council of the municipality on any reinsurance cover which it is deemed necessary to procure for the municipality's self-insurance reserve.

PART 32 BIOLOGICAL ASSETS

Accounting for biological assets shall take place in accordance with the requirements of IAS 41.

The chief financial officer, in consultation with the head(s) of department concerned, shall ensure that all biological assets, such as livestock and crops, are valued at 30 June each year at fair value less estimated point-of-sales costs. Such valuation shall be undertaken by a recognised valuer in the line of the biological assets concerned. Any losses on such valuation shall be debited to the department or vote concerned as an operating expense, and any increase in the valuation shall be credited to the department or vote concerned as an operating revenue.

If any biological asset is lost, stolen or destroyed, the matter – if material – shall be reported in writing by the head of department concerned in exactly the same manner as though the asset were an ordinary fixed asset.

Records of the details of biological assets shall be kept in a separate section of the fixed assets register or in a separate accounting record altogether, and such details shall reflect the information which the chief financial officer, in consultation with the head of department concerned and the internal auditor, deems necessary for accounting and control purposes.

The chief financial officer shall annually insure the municipality's biological assets, in consultation with the head(s) of department concerned, provided the council of the municipality considers such insurance desirable and affordable.

PART 33 ANNEXURE: FIXED ASSET LIVES

INFRASTRUCTURE ASSETS

The following is the list of infrastructure assets, with the estimated useful life in years indicated in brackets in each case.

*	Electricity	
	Power stations	(30)
	Cooling towers	(30)
	Transformer kiosks	(30)
	Meters	(20)
	Load control equipment	(20)
	Switchgear	(20)
	Supply and reticulation networks	(20)
	Mains	(20)
*	Roads	
	Motorways	(15)
	Other roads	(10)
	Traffic islands	(10)
	Traffic lights	(20)
	Street lights	(25)
	Overhead bridges	(30)
	Stormwater drains	(20)
	Bridges, subways and culverts	(30)
	Car parks	(20)

	Bus terminals	(20)
*	Water	
	Mains	(20)
	Supply and reticulation networks	(20)
	Reservoirs and storage tanks	(20)
	Meters	(15)
	Rights (that is, the right to draw water from a particular source belonging to another party)	(20)
*	Gas	
	Supply and reticulation networks	(20)
	Storage tanks	(20)
	Mains	(20)
	Meters	(20)
*	Sewerage	
	Sewer mains	(20)
	Outfall sewers	(20)
	Sewage purification works	(20)
	Sewerage pumps	(15)
	Sludge machines	(15)
*	Pedestrian malls	
	Footways	(20)
	Kerbing	(20)
	Paving	(20)
*	Airports	
	Runways	(20)
	Aprons	(20)
	Taxiways	(20)

	Airport and radio beacons	(20)
*	Security measures	
	Access control systems	(5)
	Security systems	(5)
	Security fencing	(3)

COMMUNITY ASSETS

The following is a list of community assets, showing again the assigned or estimated useful lives in years in brackets:

*	Buildings and other assets	
	Ambulance stations	(30)
	Aquariums	(30)
	Beach developments	(30)
	Care centres	(30)
	Cemeteries	(30)#
	Civic theatres	(30)
	Clinics and hospitals	(30)
	Community centres	(30)
	Fire stations	(30)
	Game reserves and rest camps	(30)
	Indoor sports	(30)
	Libraries	(30)
	Museums and art galleries	(30)
	Parks	(30)
	Public conveniences and bath houses	(30)
	Recreation centres	(30)
	Sports and related stadiums	(30)
	Zoos	(30)
*	Recreation facilities	

Bowling greens	(20)
Tennis courts	(20)
Swimming pools	(20)
Golf courses	(20)
Jukskei pitches	(20)
Outdoor sports facilities	(20)
Organs (that is, pipe organs that are fixtures in a municipal hall or other centre)	(20)
Lakes and dams	(20)
Fountains	(20)
Flood lighting	(20)

Sum-of-units method of depreciation may be preferred.

HERITAGE ASSETS

The following is a list of at least some typical heritage assets encountered in the municipal environment (no asset lives are given, of course, as no ordinary depreciation will be charged against such assets):

- Museum exhibits
- Works of art (which will include paintings and sculptures)
- Public statues
- Historical buildings or other historical structures (such as war memorials)
- Historical sites (for example, an Iron Age kiln, historical battle site or site of a historical settlement)

INVESTMENT ASSETS

It is not possible to provide an exhaustive list of investment assets, as the actual list will depend very much on the local circumstances of each

municipality. However, the following will be among the most frequently encountered:

- Office parks (which have been developed by the municipality itself or jointly between the municipality and one or more other parties) (30)

- Shopping centres (again developed along similar lines) (30)

- Housing developments (that is, developments financed and managed by the municipality itself, with the sole purpose of selling or letting such houses for profit) (30)

OTHER ASSETS

The following is a list of other assets, again showing the estimated useful life in years in brackets:

* Buildings

Abattoirs	(30)
Asphalt plant	(30)
Cable stations	(30)
Caravan parks	(30)
Compacting stations	(30)
Hostels used to accommodate the public or tourists	(30)
Hostels for municipal employees	(30)
Housing schemes	(30)
Kilns	(30)
Laboratories	(30)
Fresh produce and other markets	(30)

	Nurseries	(30)
	Office buildings	(30)
	Old age homes	(30)
	Quarries	(30) #
	Tip sites	(30) #
	Training centres	(30)
	Transport facilities	(30)
	Workshops and depots	(30)
*	Office equipment	
	Computer hardware	(5)
	Computer software	(3-5)
	Office machines	(3-5)
	Air conditioners	(5-7)
*	Furniture and fittings	
	Chairs	(7-10)
	Tables and desks	(7-10)
	Cabinets and cupboards	(7-10)
*	Bins and containers	
	Household refuse bins	(5)
	Bulk refuse containers	(10)
*	Emergency equipment	
	Fire hoses	(5)
	Other fire-fighting equipment	(15)
	Emergency lights	(5)
*	Motor vehicles	
	Ambulances	(5-10)
	Fire engines	(20)

	Buses	(15)
	Trucks and light delivery vehicles	(5-7)
	Ordinary motor vehicles	(5-7)
	Motor cycles	(3)
*	Plant and equipment	
	Graders	(10-15)
	Tractors	(10-15)
	Mechanical horses	(10-15)
	Farm equipment	(5)
	Lawn mowers	(2)
	Compressors	(5)
	Laboratory equipment	(5)
	Radio equipment	(5)
	Firearms	(5)
	Telecommunication equipment	(5)
	Cable cars	(15)
	Irrigation systems	(15)
	Cremators	(15)
	Lathes	(15)
	Filling equipment	(15)
	Conveyors	(15)
	Feeders	(15)
	Tippers	(15)
	Pulverising mills	(15)
*	Other	
	Aircraft	(15)
	Watercraft	(15)

Sum-of-units may be preferred.

PART 34 ANNEXURE: PARAPHRASE OF SECTION 14 OF THE MUNICIPAL FINANCE MANAGEMENT ACT 2003

A municipality may not alienate any capital asset required to provide a minimum level of basic municipal services.

A municipality may alienate any other capital asset, but provided

- the council, in a meeting open to the public, has first determined that the asset is not required to provide a minimum level of basic municipal services, and
- the council has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset.

FUNDING AND RESERVES POLICY

UGU DISTRICT MUNICIPALITY

FUNDING AND RESERVES POLICY

Contents

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2. Object of the Policy
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FUNDING AND RESERVES POLICY

1. DEFINITIONS

In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Act, has the same meaning as in that Act.

References will be made in the policy to particular legislation without quoting it verbatim. The users should therefore refer to the legislation for the exact text.

2. OBJECT OF THE POLICY

The objectives of this policy are to:

2.1 Ensure that the Medium Term Revenue/Expenditure Framework (Annual Budget) of the Municipality is appropriately funded.

2.2 Ensure that cash resources and reserves are maintained at the required levels to avoid unfunded liabilities.

2.3 To achieve financial stability in order to provide sustainable levels of service delivery to the community.

3. SCOPE AND INTENDED AUDIENCE

The funding and reserves policy aims to ensure that the Municipality has sufficient funding in order to achieve its objectives through the implementation of its operating and capital budgets.

This policy aims to set guidelines towards ensuring financial viability over both the short- and long-term which includes reserves requirements.

4. REGULATORY FRAMEWORK

The legislative framework governing funding of the Annual Budget is:

4.1 Local Government Municipal Finance Management Act, 2003 (Act No. 56 of 2003); and,

4.2 Local Government: Municipal Budget and Reporting Regulation,

Regulation 393, published under Government Gazette 32141, 17 April 2009.

5. FUNDING OF THE ANNUAL BUDGET

5.1 An annual budget may only be funded from:

a. Cash backed accumulated funds from previous years' surpluses and reserves not committed for any other purpose;
b. Realistically anticipated revenues to be collected;
c. Borrowed funds only for capital expenditure, and
d. Grants and subsidies.

5.2 Realistic anticipated revenue projections must take into account:

a. Projected revenue for the current year based on the previous year's billing information.

6. CASH MANAGEMENT

The availability of cash is the most important requirement for financial sustainability and must be closely monitored by the CFO. In doing so the CFO must ensure a minimum cash on hand to cover 60 days operational expenditure.

Surplus cash not immediately required for operational purposes must be invested in terms of the Municipality's Cash and Investment Policy to maximize the return on cash.

7. DONATIONS, GRANTS AND SUBSIDIES.

Revenue from donations or any other grants may only be included in the budget if there is acceptable documentation that guarantees the funds such as:

(i) Signed service level agreement;
(ii) Contract or written confirmation; or
(iii) Any other legally binding document.

The conditions of the specific grant must be taken into consideration when allocated to a specific project.

Government grants and subsidies allocated to specific capital projects are provided for on the relevant department's operating budget to the extent that the conditions will be met during the financial year.

8. THE CAPITAL REPLACEMENT RESERVE

All reserves must be *"ring fenced"* and "*cash backed*" as internal reserves within the accumulated surplus, except for provisions as allowed by GRAP.

Once the municipality has reached its maximum gearing ability, no further borrowings can be taken up. The municipality must invest in a capital replacement reserve. This reserve provides internal funding for the municipality's capital replacement and renewal programme.

Contributions to the capital replacement reserve through the operating budget will be:

(i) Interest received on investments;
(ii) Proceeds from sale of assets.

9. THE CAPITAL CONTRIBUTIONS

These supplement capital expenditure for the necessary expansions and upgrading of bulk infrastructure. Revenue generated from capital contributions is allocated to this reserve for each applicable service. The unspent contributions must be cash backed to ensure availability of cash when the infrastructure upgrades are required.

10. OTHER ITEMS TO BE CASH BACKED

a) Unspent conditional grant funding

Revenue received from conditional grants is recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Amounts in relation to the unspent grant funding are therefore retained in cash and are not available to fund any other items on the operating or capital budget other than that for which it was intended for.

b) Consumer Deposits

Consumer deposits are partial security for a future payment. Deposits are considered a liability as the deposit is utilised once the agreement is terminated. The funds are owed to consumers and can therefore not be utilised to fund the operating or capital budget. Consumer deposits should be retained in cash and be ring-fenced.

11. POLICY REVIEW

This policy will be reviewed annually to ensure that it complies with changes in applicable legislation and accounting standards.

Records of Approval

Meeting	Date	Resolution
Top Management		
EXCO		
Revision 1		
BTS Task Team		
Top Management		
Extended Top Management		
LLF		
Corporate Services Portfolio		
EXCO		

SUPPLY CHAIN MANAGEMENT

LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003

Date of adoption: 23 October 2009

Council resolves in terms of section 111 of the Local Government Municipal Finance Management Act (No. 56 of 2003), to adopt the following proposal as the Supply Chain Management Policy of Ugu District Municipality.

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CHAPTER 2

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SUPPLY CHAIN MANAGEMENT

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Definitions

1. In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Act has the same meaning as in the Act, and –

"competitive bidding process" means a competitive bidding process referred to in paragraph 12 (1) (d) of this Policy;

"competitive bid" means a bid in terms of a competitive bidding process;

"final award", in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept;

"formal written price quotation" means quotations referred to in paragraph 12 (1) (c) of this Policy;

"in the service of the state" means to be –

(a) a member of –
  (i) any municipal council;
  (ii) any provincial legislature; or
  (iii) the National Assembly or the National Council of Provinces;
(b) a member of the board of directors of any municipal entity;
(c) an official of any municipality or municipal entity;
(d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999);
(e) a member of the accounting authority of any national or provincial public entity; or
(f) an employee of Parliament or a provincial legislature;

"long term contract" means a contract with a duration period exceeding one year;

"list of accredited prospective providers" means the list of accredited prospective providers which the **municipality** must keep in terms of paragraph 14 of this policy;

"other applicable legislation" means any other legislation applicable to municipal supply chain management, including –

(a) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
(b) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003); and
(c) the Construction Industry Development Board Act, 2000 (Act No.38 of 2000);

"Treasury guidelines" means any guidelines on supply chain management issued by the Minister in terms of section 168 of the Act;

"the Act" means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

"the Regulations" means the Local Government: Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations published by Government Notice 868 of 2005;

"written or verbal quotations" means quotations referred to in paragraph 12(1)(b) of this Policy.

"municipality" means the Ugu District Municipality.

SUPPLY CHAIN MANAGEMENT

CHAPTER 1

IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

Supply chain management policy

2. (1) All officials and other role players in the supply chain management system of the municipality must implement this Policy in a way that –

(a) gives effect to –

(i) section 217 of the Constitution; and

(ii) Part 1 of Chapter 11 and other applicable provisions of the Act;

(b) is fair, equitable, transparent, competitive and cost effective;

(c) complies with –

(i) the Regulations; and

(ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;

(d) is consistent with other applicable legislation;

(e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and

(f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.

(2) This Policy applies when the municipality –

(a) procures goods or services;

(b) disposes of goods no longer needed;

(c) selects contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or

(d) selects external mechanisms referred to in section 80 (1) (b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act.

(3) This Policy, except where provided otherwise, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including –

(a) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and

(b) electricity from Eskom or another public entity, another municipality or a municipal entity.

Amendment of the supply chain management policy

3. (1) The municipal manager must –

(a) at least annually review the implementation of this Policy; and

(b) when the municipal manager considers it necessary, submit proposals for the amendment of this Policy to the council.

(2) If the municipal manager submits proposed amendments to the council that differs from the model policy issued by the National Treasury, the accounting officer must –

(a) ensure that such proposed amendments comply with the Regulations; and

(b) report any deviation from the model policy to the National Treasury and the relevant provincial treasury.

(3) When amending this supply chain management policy the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.

Delegation of supply chain management powers and duties

4. (1) The council hereby delegates all powers and duties to the municipal manager which are necessary to enable the municipal manager –

(a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of –

(i) Chapter 8 or 10 of the Act; and

(ii) this Policy;

(b) to maximise administrative and operational efficiency in the implementation of this Policy;

(c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this Policy; and

(d) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.

(2) Sections 79 and 106 of the Act apply to the sub-delegation of powers and duties delegated to an accounting officer in terms of sub-paragraph (1).

(3) The municipal manager may not sub-delegate any supply chain management powers or duties to a person who is not an official of municipality or to a committee which is not exclusively composed of officials of the municipality.

(4) This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

Sub-delegations

5. (1) The municipal manager may in terms of section 79 or 106 of the Act sub-delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this Policy, but any such subdelegation must be consistent with sub-paragraph (2) of this paragraph and paragraph 4 of this Policy.

(2) The power to make a final award –

(a) above R10 million (VAT included) may not be sub-delegated by the municipal manager;

(b) above R2 million (VAT included), but not exceeding R10 million (VAT included), may be sub-delegated but only to –

(i) Chief Financial Officer;

(ii) General Manager: Water Services; or

(iii) General Manager: Corporate Services;

(c) not exceeding R2 million (VAT included) may be sub-delegated but only to –

(i) Chief Financial Officer;

(ii) Other General Managers; or

(iii) the bid adjudication committee.

(3) An official or bid adjudication committee to which the power to make final awards has been sub-delegated in accordance with subparagraph (2) must within five days of the end of each month submit to the municipal manager a written report containing particulars of each final award made by such official or committee during that month, including–

(a) the amount of the award;

(b) the name of the person to whom the award was made; and

(c) the reason why the award was made to that person.

(4) Sub-paragraph (3) of this paragraph does not apply to procurements out of petty cash.

(5) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub-delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

(6) No supply chain management decision-making powers may be delegated to an advisor or consultant.

Oversight role of council

6. (1) The council reserves its right to maintain oversight over the implementation of this Policy.

(2) For the purposes of such oversight the municipal manager must –

(a) (i) within 30 days of the end of each financial year, submit a report on the implementation of this policy, to the council of Ugu District Municipality; and

(ii) whenever there are serious and material problems in the implementation of this policy, immediately submit a report to the council.

(3) The municipal manager must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor.

(4) The reports must be made public in accordance with section 21A of the Municipal Systems Act.

Supply chain management unit

7. (1) A supply chain management unit is hereby established to implement this Policy.

(2) The supply chain management unit operates under the direct supervision of the chief financial officer or an official to whom this duty has been delegated in terms of section 82 of the Act.

Training of supply chain management officials

8. The training of officials involved in implementing this Policy should be in accordance with any Treasury guidelines on supply chain management training.

CHAPTER 2

SUPPLY CHAIN MANAGEMENT SYSTEM

Format of supply chain management system

9. This Policy provides systems for –

(i) demand management;

(ii) acquisition management;

(iii) logistics management;

(iv) disposal management;

(v) risk management; and

(vi) performance management.

Part 1: Demand management

System of demand management

10. (1) The municipal manager must establish and implement an appropriate demand management system in order to ensure that the resources required by Ugu District Municipality support its operational commitments and its strategic goals outlined in the Integrated Development Plan.

(2) The demand management system must –

(a) include timely planning and management processes to ensure that all goods and services required by the municipality are quantified, budgeted for and timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;

(b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature; and

(c) provide for the compilation of the required specifications to ensure that its needs are met.

(d) To undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.

Part 2: Acquisition management

System of acquisition management

11. (1) The municipal manager must implement the system of acquisition management set out in this Part in order to ensure –

(a) that goods and services are procured by the municipality in accordance with authorised processes only;

(b) that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;

(c) that the threshold values for the different procurement processes are complied with;

(d) that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation; and

(e) that any Treasury guidelines on acquisition management are properly taken into account.

(2) When procuring goods or services contemplated in section 110(2) of the Act, the municipal manager must make public the fact that such goods or services are procured otherwise than through the municipality's supply chain management system, including -

(a) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and

(b) electricity from Eskom or another public entity, another municipality or a municipal entity.

Range of procurement processes

12. (1) Goods and services may only be procured by way of –

(a) petty cash purchases, up to a transaction value of *R2,000* (VAT included);

(b) written quotations for procurement transactions valued over *R2,000* up to *R29,999* (VAT included);

(c) formal written price quotations for procurement transactions valued over *R30,000 up to R200 000* (VAT included); and

(d) a competitive bidding process for–

(i) procurement above a transaction value of R200 000 (VAT included); and

(ii) the procurement of long term contracts.

(2) The municipal manager may, in writing-

(a) lower, but not increase, the different threshold values specified in subparagraph (1); or

(b) direct that –

(i) written or verbal quotations be obtained for any specific procurement transaction value lower than *R2,000*;

(ii) formal written price quotations be obtained for any specific procurement of a transaction value lower than R30,000; or

(iii) a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000.

(3) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

General preconditions for consideration of written quotations or bids

13. A written quotation or bid may not be considered unless the provider who submitted the quotation or bid –

(a) has furnished –

(i) full name;

(ii) identification number or company or other registration number; and

(iii) tax reference number and VAT registration number, if any;

(b) has submitted a tax clearance from the South African Revenue Services that the provider's tax matters are in order; and

(c) has indicated –

(i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;

(ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or

(iii) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.

Lists of accredited prospective providers

14. (1) The municipal manager must –

(a) keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements through written or verbal quotations and formal written price quotations; and

(b) at least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers;

(c) specify the listing criteria for accredited prospective providers; and

(d) disallow the listing of any prospective provider whose name appears on National Treasury's database as a person prohibited from doing business with the public sector.

(2) The list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services. Prospective providers must be allowed to submit applications for listing at any time.

(3) The list must be compiled per commodity and per type of service.

Petty cash purchases

15. The conditions for procurement of goods by means of petty cash referred to in paragraph 12 (1) (a) of this Policy, are as follows –

(a) The Chief Financial Officer may, in writing, delegate the responsibility to monitor Petty Cash purchases to the Accountant: Revenue/Income Officer;

(b) Goods and services may only be procured by way of petty cash, up to a transaction value of R2,000 (VAT included).

(c) A maximum of five petty cash purchases per month will be allowed for each department.

(d) Total petty cash may not exceed R20,000.00 for each calendar month for the whole municipality.

(e) Petty cash may only be used for the following types of expenditure: refreshments, catering, gifts, wheel puncture repairs, and other small items;

(f) a monthly reconciliation report from the Accountant expenditure must be submitted to the Chief Financial Officer, including –

(i) the total amount of petty cash purchases for that month; and

(ii) receipts and appropriate documents for each purchase.

Written or verbal quotations

16. The conditions for the procurement of goods or services through written or verbal quotations are as follows:

(a) Quotations must be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the municipality, provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria set out in paragraph 14(1)(b) and (c) of this Policy;

(b) to the extent feasible, providers must be requested to submit such quotations in writing;

(c) if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the municipal manager or another official designated by the municipal manager;

(d) the municipal manager must record the names of the potential providers requested to provide such quotations with their quoted prices;

(e) if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider;

(f) and /or to apply Risk Management Policy, Delegation of Powers Authority, SCM Policy, Delegation of Powers MFMA, Petty Cash as well as Budgeting Policy.

Formal written quotations

17. (1) The conditions for the procurement of goods or services through formal written price quotations are as follows:

(a) quotations above R2,000.00 must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality;

(b) quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria set out in paragraph 14(1)(b) and (c) of this Policy;

(c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer,

(d) the municipal manager must record the names of the potential providers and their written quotations, and

(2) A designated official referred to in subparagraph (1) (c) must within three days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that subparagraph.

Procedures for procuring goods or services through written or verbal quotations and formal written price quotations

18. The procedure for the procurement of goods or services through written or verbal quotations or formal written price quotations, is as follows:

(a) when using the list of accredited prospective providers the accounting officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis;

(b) all requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of paragraph 17, be scored on price and targeted goals points designed in terms of the Preferential Procurement Points Framework Act (PPPFA) and its regulations and Broad Base Black Economic Empowerment 2003 and be advertised for at least seven days on the website and an official notice board of Ugu District Municipality;

(c) offers received must be evaluated on a comparative basis taking into account unconditional discounts;

(d) the municipal manager or chief financial officer must on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a subdelegation;

(e) offers below R30 000 (VAT included) must be awarded based on compliance to specifications and conditions of contract, ability and capability to deliver the goods and services and lowest price;

(f) acceptable offers, which are subject to the preference points system (Preferential Procurement Points Framework Act (PPPFA) and its regulations PPPFA and associated regulations), must be awarded to the bidder who scored the highest points;

(g) for proper record keeping and audit purposes, the following documentation must be kept by Finance and department procuring goods or services;

(i) the authorised purchase requisition produced by the department requiring goods and services.

(ii) formal written price quotations

(iii) the order authorised by the Chief Financial Officer.

(iv) formal signed delivery note submitted by the successful supplier.

(v) formal invoice or certificate of work performed submitted by the successful supplier.

(vi) goods received voucher, as prepared by expenditure: creditors section.

(vii) the cheque voucher prepared by the Accountant: Expenditure and authorised by the Chief Financial Officer.

(viii) the authorised payment cheque.

(ix) Any minutes of a bid resolution by the Bid Adjudication or Awarding Committee.

(x) Proof of authorised direct payment (cash focus) processed for each transaction

Competitive bids

19. (1) Goods or services above a transaction value of R200 000 (VAT included) and long term contracts may only be procured through a competitive bidding process, subject to paragraph 11(2) of this Policy.

(2) No requirement for goods or services above an estimated transaction value of R200 000 (VAT included), may deliberately be split into parts or items of

lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

Process for competitive bidding

20. The procedures for the following stages of a competitive bidding process are as follows:

(a) Compilation of bidding documentation as detailed in paragraph 21;

(b) Public invitation of bids as detailed in paragraph 22;

(c) Site meetings or briefing sessions as detailed in paragraph 22;

(d) Handling of bids submitted in response to public invitation as detailed in paragraph 23;

(e) Evaluation of bids as detailed in paragraph 28;

(f) Award of contracts as detailed in paragraph 29;

(g) Administration of contracts

  (i) After approval of a bid, the accounting officer and the bidder must enter into a written agreement.

(h) Proper record keeping

  (i) Original / legal copies of written contracts agreements should be kept in a secure place for reference purposes.

Bid documentation for competitive bids

21. The criteria with which bid documentation for a competitive bidding process must –

(a) take into account –

  (i) the general conditions of contract and any special conditions of contract, if specified;

  (ii) any Treasury guidelines on bid documentation; and

  (iii) the requirements of the Construction Industry Development Board (CIDB), in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;

(b) include the preference points system to be used, goals as contemplated in the Preferential Procurement Regulations and evaluation and adjudication criteria, including any criteria required by other applicable legislation;

(c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;

(d) if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish–

(i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements –

(aa) for the past three years; or

(bb) since their establishment if established during the past three years;

(ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;

(iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;

(iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from Ugu District Municipality is expected to be transferred out of the Republic; and

(e) Stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law.

Public invitation for competitive bids

22. (1) The procedure for the invitation of competitive bids, is as follows:

(a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website

of the municipality or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and

(b) The information contained in a public advertisement, must include –

(i) the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to sub-paragraph (2) of this policy;

(ii) a statement that bids may only be submitted on the bid documentation provided by Ugu District Municipality; and

(iii) date, time and venue of any proposed site meetings or briefing sessions.;

(iv) statement stating that no late bid proposal will be accepted.

(2) The municipal manager may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.

(3) Bids submitted must be sealed.

(4) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.

Procedure for handling, opening and recording of bids

23. The procedures for the handling, opening and recording of bids, are as follows:

(a) Bids–

(i) must be opened only in public;

(ii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired; and

(iii) received after the closing time should not be considered and returned unopened immediately.

(b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price;

(c) No information, except the provisions in sub-regulation (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and

(d) The municipal manager must –

(i) record in a register all bids received in time;

(ii) make the register available for public inspection; and

(iii) publish the entries in the register and the bid results on the website.

Negotiations with preferred bidders

24. (1) The municipal manger may negotiate the terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation –

(a) does not allow any preferred bidder a second opportunity;

(b) is not to the detriment of any other bidder; and

(c) does not lead to a higher price than the bid as submitted.

(2) Minutes of such negotiations must be recorded for audit purposes.

Two-stage bidding process

25. (1) A two-stage bidding process is allowed for –

(a) large, complex projects;

(b) projects where it may be undesirable to prepare complete detailed technical specifications; or

(c) long term projects with a duration period exceeding three years.

(2) In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.

(3) In the second stage final technical proposals and priced bids should be invited.

Committee system for competitive bids

26. (1) A committee system for competitive bids is hereby established, consisting of the following committees for each procurement or cluster of procurements as the accounting officer may determine:

(a) a bid specification committee;

(b) a bid evaluation committee; and

(c) a bid adjudication committee;

(2) The municipal manager appoints the members of each committee, taking into account section 117 of the Act; and

(3) A neutral or independent observer, appointed by the municipal manager, must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.

(4) The committee system must be consistent with –

(a) paragraph 27, 28 and 29 of this Policy; and

(b) any other applicable legislation.

(5) The municipal manager may apply the committee system to formal written price quotations.

Bid specification committees

27. (1) A bid specification committee must compile the specifications for each procurement of goods or services by the municipality.

(2) Specifications –

(a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;

(b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;

(c) must, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;

(d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labeling of conformity certification;

(e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word "equivalent";

(f) must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations 2001; and

(g) must be approved by the municipal manager prior to publication of the invitation for bids in terms of paragraph 22 of this Policy.

(3) A bid specification committee must be composed of:

(a) two officials of the municipality who must serve as standing members; one from the Supply Chain Management Unit who will chair and the other from Technical Services.

(b) an official to be co-opted from the end user department preferably a manager and a knowledgeable official responsible for the function involved;

(c) co-opted external specialised expert.

(d) must be appointed in writing for a period of 12 months which is in line with the financial year end of the municipality, subject to the annual reviewal of this policy;

(e) the quorum must be equal to 50% of the number of permanent (as opposed to co-opted) committee members, plus one member.

(4) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.

Bid evaluation committees

28. (1) A bid evaluation committee must –

(a) evaluate bids in accordance with –

(i) the specifications for a specific procurement; and

(ii) the points system set out in terms of paragraph 27(2)(f).

(b) evaluate each bidder's ability to execute the contract;

(c) check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears, and;

(d) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.

(2) A bid evaluation committee must as far as possible be composed of -

(a) two officials of the municipality who must serve as standing members; one from the Supply Chain Management Unit who will Chair and the other from Technical Services.

(b) an official to be co-opted from end user department preferably a manager and a knowledgeable official responsible for the function involved ;

(c) co- opted external specialised expert;

(d) must be appointed for a period of 12 months which is in line with the financial year end of the municipality, subject to the annual reviewal of this policy

(e) the quorum must be equal to 50% of the number of permanent (as opposed to co-opted) committee members, plus one member.

Bid adjudication committees

29. (1) A bid adjudication committee must –

(a) consider the report and recommendations of the bid evaluation committee; and

(b) either –

(i) depending on its delegations, make a final award or a recommendation to the municipal manager to make the final award; or

(ii) make another recommendation to the municipal manager how to proceed with the relevant procurement.

(2) A bid adjudication committee must consist of at least four senior managers of the municipality which must include –

(a) Chief financial Officer

(b) Manager: Corporate Ser

(c) Executive Manager: Tec es

(d) Manager: Human Resou senior manager

(e) co-opted external specia

(f) the quorum must be equ the number of permanent (as opposed to co-opted) co nbers, plus one member.

(3) The municipal ma appoint the chairperson of the committee. If the chairperson is absent fro , the members of the committee who are present must elect one of them the meeting.

(4) Neither a memb valuation committee, nor an advisor or person assisting the evaluation may be a member of a bid adjudication committee.

(5) (a) If the bid committee decides to award a bid other than the one recommended by aluation committee, the bid adjudication committee must prior to awardi

(i) check in respect ed bidder whether that bidder's municipal rates and taxes and mu charges are not in arrears, and;

(ii) notify the municip

(b) The municipal manag

(i) after due conside reasons for the deviation, ratify or reject the decision of the ation committee referred to in paragraph (a); and

(ii) if the decision of the bid adjudicati... is rejected, refer the decision of the adjudication comm... to that committee for reconsideration.

(6) The municipal manager may at any ... bidding process, refer any recommendation made by the evaluation ... or the adjudication committee back to that committee for reconsidera... commendation.

(7) The municipal manager must comply ... 114 of the Act within 10 working days

Procurement of banking services

30. (1) A contract for banking services –

(a) must be procured through competitive bids;

(b) must be consistent with section 7 or 85 of the ...

(c) may not be for a period of more than five ye...

(2) The process for procuring a con... nking services must commence at least nine months before the end of the ... ontract.

(3) The closure date for the submission ... not be less than 60 days from the date on which the advertisement is ... newspaper in terms of paragraph 22(1). Bids must be restricted to bank ... in terms of the Banks Act, 1990 (Act No. 94 of 1990).

Procurement of IT related goods or services

31. (1) The municipal manager may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.

(2) Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.

(3) The accounting officer must notify SITA together with a motivation of the IT needs if –

(a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or

(b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).

(4) If SITA comments on the submission and the municipality disagrees with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the council, the National Treasury, the relevant provincial treasury and the Auditor General.

Procurement of goods and services under contracts secured by other organs of state

32. (1) The municipal manager may procure goods or services under a contract secured by another organ of state, but only if –

(a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;

(b) there is no reason to believe that such contract was not validly procured;

(c) there are demonstrable discounts or benefits to do so; and

(d) that other organ of state and the provider have consented to such procurement in writing.

(2) Subparagraphs (1)(c) and (d) do not apply if –

(a) a municipal entity procures goods or services through a contract secured by its parent municipality; or

(b) a municipality procures goods or services through a contract secured by a municipal entity of which it is the parent municipality.

Procurement of goods necessitating special safety arrangements

33. (1) The acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel, should be avoided where ever possible.

(2) Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the accounting officer.

Proudly SA Campaign

34. Ugu District Municipality supports the Proudly SA Campaign to the extent that, all things being equal, preference is given to procuring local goods and services from:

- Firstly – suppliers and businesses within the municipality or district;
- Secondly – suppliers and businesses within the relevant province;
- Thirdly – suppliers and businesses within the Republic.

Appointment of consultants

35. (1) The municipal manager may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made.

(2) Consultancy services must be procured through competitive bids if

(a) the value of the contract exceeds R200 000 (VAT included); or

(b) the duration period of the contract exceeds one year.

(3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of –

(a) all consultancy services provided to an organ of state in the last five years; and

(b) any similar consultancy services provided to an organ of state in the last five years.

(4) The municipal manager must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the municipality.

Deviation from, and ratification of minor breaches of, procurement processes

36. (1) The municipal manager may –

(a) dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –

(i) in an emergency;

(ii) if such goods or services are produced or available from a single provider only;

(iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;

(iv) acquisition of animals for zoos and/or nature and game reserves; or

(v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and

(b) ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.

(2) The municipal manager must record the reasons for any deviations in terms of subparagraphs (1)(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.

(3) Subparagraph (2) does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this policy.

Unsolicited bids

37. (1) In accordance with section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.

(2) The municipal manager may decide in terms of section 113(2) of the Act to consider an unsolicited bid, only if –

(a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;

(b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages;

(c) the person who made the bid is the sole provider of the product or service; and

(d) the reasons for not going through the normal bidding processes are found to be sound by the accounting officer.

(3) If the municipal manager decides to consider an unsolicited bid that complies with subparagraph (2) of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with –

(a) reasons as to why the bid should not be open to other competitors;

(b) an explanation of the potential benefits if the unsolicited bid were accepted; and

(c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.

(4) The municipal manager must submit all written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.

(5) The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, depending on its delegations.

(6) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.

(7) When considering the matter, the adjudication committee must take into account –

(a) any comments submitted by the public; and

(b) any written comments and recommendations of the National Treasury or the relevant provincial treasury.

(8) If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the municipal manager must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.

(9) Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing Ugu District Municipality to the bid may be entered into or signed within 30 days of the submission.

Combating of abuse of supply chain management system

38. (1) The municipal manager must–

(a) take all reasonable steps to prevent abuse of the supply chain management system;

(b) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified –

(i) take appropriate steps against such official or other role player; or

(ii) report any alleged criminal conduct to the South African Police Service;

(c) check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;

(d) reject any bid from a bidder–

(i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the municipality, or to any other municipality or municipal entity, are in arrears for more than three months; or

(ii) who during the last five years has failed to perform satisfactorily on a previous contract with the municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;

(e) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;

(f) cancel a contract awarded to a person if –

(i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or

(ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and

(g) reject the bid of any bidder if that bidder or any of its directors –

(i) has abused the supply chain management system of the municipality or has committed any improper conduct in relation to such system;

(ii) has been convicted for fraud or corruption during the past five years;

(iii) has willfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or

(iv) has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).

(2) The municipal manager must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of subparagraphs (1)(b)(ii), (e) or (f) of this policy.

Part 3: Logistics, Disposal, Risk and Performance Management

Logistics management

39. The municipal manager must establish and implement an effective system of logistics management, which must include -

(a) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;

(b) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;

(c) the placing of manual or electronic orders for all acquisitions other than those from petty cash;

(d) before payment is approved , certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;

(e) appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;

(f) regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and

(g) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

Disposal management

40. (1) The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Act, are as follows:

(i)An obsolescence plan must be determined for each asset to ensure that when the asset can no longer be maintained or used for its original purpose, that there is a plan to replace it.

(ii)A renewal plan must be determined for assets that have reached the end of its useful life.

(iii)Asset disposal decisions must be made within an integrated, service and financial planning framework.

(2) Assets may be disposed of by –

(i) transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;

(ii) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;

(iii) selling the asset; or

(iv) destroying the asset.

(3) Ugu District Municipality must establish a disposal strategy to determine the best mechanism of disposal for each asset and the municipal manager must ensure that –

(a) immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;

(b) movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;

(c) firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;

(d) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;

(e) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;

(f) where assets are traded in for other assets, the highest possible trade-in price is negotiated; and

(g) in the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

Risk management

41. (1) The criteria for the identification, consideration and avoidance of potential risks in the supply chain management system, are as follows:

(a) risk management aspect must be allocated to the Chief Financial Officer, the SCM practitioners, the internal audit function and the Audit Committee, each of which shall ultimately be accountable to the Municipal Manager or the Council for the discharge of their

responsibilities.

(2) Risk management must include –

(a) the identification of risks on a case-by-case basis;

(b) the allocation of risks to the party best suited to manage such risks;

(c) acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;

(d) the management of risks in a pro-active manner and the provision of adequate cover for residual risks; and

(e) the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

Performance management

42. The accounting officer must establish and implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes were followed and whether the objectives of this Policy were achieved.

Part 4: Other matters

Prohibition on awards to persons whose tax matters are not in order

43. (1) No award above R15 000 may be made in terms of this Policy to a person whose tax matters have not been declared by the South African Revenue Service to be in order.

(2) Before making an award to a person the municipal manager must first check with SARS whether that person's tax matters are in order.

(3) If SARS does not respond within 7 days such person's tax matters may for purposes of subparagraph (1) be presumed to be in order.

Prohibition on awards to persons in the service of the state

44. Irrespective of the procurement process followed, no award may be made to a person in terms of this Policy –

(a) who is in the service of the state;

(b) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or

(c) a person who is an advisor or consultant contracted with Ugu District Municipality.

Awards to close family members of persons in the service of the state

45. The municipal manager must ensure that the notes to the annual financial statements disclose particulars of any award of more than R2,000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –

(a) the name of that person;

(b) the capacity in which that person is in the service of the state; and

(c) the amount of the award.

Ethical standards

46. (1) A code of ethical standards as set out in the "*National Treasury's code of conduct for supply chain management practitioners and other role players involved in supply chain management*" is hereby established for officials and other role players in the supply chain management system of the municipality in order to promote-

(a) mutual trust and respect; and

(b) an environment where business can be conducted with integrity and in a fair and reasonable manner.

(2) A breach of the code of ethics must be dealt with as follows -

(a) in the case of an employee, in terms of the disciplinary procedures of the municipality envisaged in section 67(1)(h) of the Municipal Systems Act;

(b) in the case a role player who is not an employee, through other appropriate means in recognition of the severity of the breach.

(c) In all cases, financial misconduct must be dealt with in terms of chapter 15 of the Act.

Inducements, rewards, gifts and favours to municipalities, officials and other role players

47. (1) No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant –

(a) any inducement or reward to Ugu District Municipality for or in connection with the award of a contract; or

(b) any reward, gift, favour or hospitality to –

(i) any official; or

(ii) any other role player involved in the implementation of this Policy.

(2) The municipal manager must promptly report any alleged contravention of subparagraph (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.

(3) Subparagraph (1) does not apply to gifts less than R350 in value.

Sponsorships

48. The municipal manager must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is –

(a) a provider or prospective provider of goods or services; or

(b) a recipient or prospective recipient of goods disposed or to be disposed.

Objections and complaints

49. Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system, may lodge within 14 days of the decision or action –

(a) if the objection or complaint is against the procurement process, submit a written objection or complaint against the decision or action to the accounting officer of the municipality who shall, in turn, within 24 hours refer the written objection or complaint to the independent and impartial person referred to in paragraph 50 for resolution or

(b) if such complaint or objection is against the award of a bid, lodge a written appeal with the Municipal Bid Appeals Tribunal in accordance with the provisions of paragraph 50A.

Resolution of objections and complaints against procurement process

50. (1) The accounting officer must appoint an independent and impartial person, not directly involved in the supply chain management processes to assist in the resolution of objections and complaints between the municipality and any other person regarding -

(a) the implementation of the procurement process in terms of the supply chain management system; or

(b) any matter arising from the implementation of the procurement process in terms of the supply chain management system.

(2) The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively.

(3) The person appointed must –

(a) strive to resolve promptly all objections and complaints received; and

(b) submit monthly reports to the accounting officer on all such objections and complaints received, attended to or resolved.

(4) If the independent and impartial person referred to in paragraph 50.1, is of the view that a matter which should be dealt with in terms of paragraph 50A, he or she shall forthwith refer the matter to the Municipal Bid Tribunals and that Tribunal shall then hear and determine the matter in accordance with the provisions of paragraph 50A.

(5) An objection or complaint may be referred to the KwaZulu-Natal Provincial Treasury if:

(a) the objection or complaint is not resolved within 60 days; or

(b) no response is forthcoming within 60 days.

(6) If the Provincial Treasury does not or cannot resolve the matter, the objection or complaint may be referred to the National Treasury for resolution.

50A. Municipal Bid Appeals Tribunal

(1) The council shall establish a Municipal Bid Appeals Tribunal for its area of jurisdiction to hear and determine an appeal against the award of a bid.

(2) The accounting officer of the municipality, in consultation with the Provincial Treasury, shall appoint the Chairperson, Deputy Chairperson and Members of the Municipal Bid Appeals Tribunal.

(3) The powers, duties and functions of the Municipal Bid Appeals Tribunal, and matters incidental thereto, are set out in the Rules which are appended to this Supply Chain Management Policy and marked Appendix A.

(4) The administrative and secretarial work involved in the performance of the duties and functions of the Municipal Bid Appeals Tribunal shall be performed by officers of the Provincial Treasury as set out in the Rules referred to in paragraph 50A.3.

(5) There shall be no further appeal against a decision of the Municipal Bid Appeals Tribunal.

Contracts providing for compensation based on turnover

51. If a service provider acts on behalf of Ugu District Municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the Ugu District Municipality must stipulate –

(a) a cap on the compensation payable to the service provider; and

(b) that such compensation must be performance based.

CALCULATION OF THE PREFERENT POINT SYSTEM

52. The 80/20 or 90/10 Preference Point System

Preference point systems

(a) The 80/20 preference point system is applicable to bids* with a Rand value equal to, or above R30 000 and up to a Rand value of R1 million (all applicable taxes included). Institutions may apply the 80/20 preference point system to price quotations with a value less than R30 000 if and when appropriate.

(b) The 90/10 preference point system is applicable to bids with a Rand value above R1 million (all applicable taxes included).

Calculation of points for price

The PPPFA prescribes that the lowest acceptable bid will score 80 or 90 points for price. Bidders that quoted higher prices will score lower points for price on a pro-rata basis.

The formulae to be utilised in calculating points scored for price are as follows:

80/20 Preference point system [(for acquisition of services, works or goods up to a Rand value of R1million) (all applicable taxes included)]

$$Ps = 80\left(1 - \frac{Pt - Pmin}{Pmin}\right)$$

Where

Ps = Points scored for comparative price of bid or offer under consideration

Pt = Comparative price of bid or offer under consideration

Pmin = Comparative price of lowest acceptable bid or offer.

Preference point system [(for acquisition of services, works or goods with a Rand value above R1million) (all applicable taxes included)]

$$Ps = 90\left(1 - \frac{Pt - Pmin}{Pmin}\right)$$

Where

Ps = Points scored for comparative price of bid or offer under consideration

Pt = Comparative price of bid or offer under consideration

Pmin = Comparative price of lowest acceptable bid or offer.

Points scored must be rounded off to the nearest 2 decimal places.

Calculation of points for B-BBEE status level of contributor

Points must be awarded to a bidder for attaining the B-BBEE status level of contribution in accordance with the table below:

B-BBEE Status Level of Contributor	Number of points (90/10 system)	Number of points (80/20 system)
1	10	20
2	9	18
3	8	16
4	5	12
5	4	8
6	3	6
7	2	4
8	1	2
Non-compliant contributor	0	0

A bid must not be disqualified from the bidding process if the bidder does not submit a certificate substantiating the B-BBEE status level of contribution or is a non-compliant contributor. Such a bidder will score zero (0) out of a maximum of 10 or 20 points respectively for B-BBEE

Calculation of total points scored for price and B-BBEE status level of contribution

The points scored for price must be added to the points scored for B-BBEE status level of contribution to obtain the bidder's total points scored out of 100.

EVALUATION OF BIDS THAT SCORED EQUAL POINTS

In the event that two or more bids have scored equal total points, the successful bid must be the one that scored the highest points for B-BBEE.

If two or more bids have equal points, including equal preference points for BBBEE, the successful bid must be the one scoring the highest score for functionality, if functionality is part of the evaluation process.

In the event that two or more bids are equal in all respects, the award must be decided by the drawing of lots.

CANCELLATION AND RE-INVITATION OF BIDS

(a) In the application of the 80/20 preference point system, if **all** bids received exceed R1 000 000, the bid must be cancelled. If one or more of the acceptable bid(s) received are within the R1 000 000 threshold, all bids received must be evaluated on the 80/20 preference point system.

(b) (b) In the application of the 90/10 preference point system, if **all** bids received are equal to or below R1 000 000, the bid must be cancelled. If one or more of the acceptable bid(s) received are above the R1 000 000 threshold, all bids received must be evaluated on the 90/10 preference point system.

(c) If a bid was cancelled in terms of paragraph (a) or (b), the correct preference point system must be stipulated in the bid documents of the re-invited bid.

An AO may, prior to the award of a bid, cancel the bid if:

(a) Due to changed circumstances, there is no longer a need for the services, works or goods requested. [AOs / AAs must ensure that only goods, services or works that are required to fulfill the needs of the institution are procured]; or

(b) Funds are no longer available to cover the total envisaged expenditure. [AO has to ensure that the budgetary provisions exist]; or

(c) No acceptable bids are received. [If all bids received are rejected, the institution must review the reasons justifying the rejection and consider making revisions to the specific conditions of contract, design and specifications, scope of the contract, or a combination of these, before inviting new bids].

AWARD OF CONTRACTS

(a) A contract must be awarded to the bidder who scored the highest total number of points in terms of the preference point systems.

(b) In exceptional circumstances a contract may, on reasonable and justifiable grounds, be awarded to a bidder that did not score the highest number of points. The reasons for such a decision must be approved and recorded for audit purposes and must be defendable in a court of law.

Commencement

This Policy takes effect on [/ /]

Meeting	Date	Resolution
Top Management		
EXCO		
Revision 1		
Management Committee		
Extended Management Committee		
LLF		
Corporate Services Portfolio		
EXCO		

UGU DISTRICT MUNICIPALITY

("the Municipality")

BORROWING POLICY

1. Purpose

The purpose of this policy is to establish a borrowing framework for the Municipality and to set out the objectives, policies, statutory requirements and guidelines for the borrowing of funds, in order to:

1.1. Manage interest rate and credit risk exposure;

1.2. Maintain debt within specified limits and ensure adequate provision for the repayment of debt;

1.3. ensure compliance with all Legislation and Council policy governing borrowing of funds.

2. Legislative Framework

All borrowings made by the Municipality shall be subject to the requirements of the Local Government: Municipal Finance Act, 2003 ("the MFMA") and the Municipal Regulations on Debt Disclosure ("the Disclosure Regulations") made there under and published under GN R 492 in Government Gazette 29966 of 15 June 2007.

3. Definitions

Any word or expression used in this policy shall, unless the context clearly requires a different interpretation, bear the same meaning attached to it in the MFMA or the Disclosure Regulations, as the case may be; provided that if there is any conflict between a definition contained in the MFMA and a definition contained in the Disclosure Regulations, then the definition contained in the MFMA shall prevail.

4. Types of Debt

4.1. This policy applies to the debt incurred by the Municipality through the issue of municipal debt instruments or in any other way.

4.2. Without derogating from the generality of the preceding subparagraph, this policy will apply:

4.2.1. To any debt, whether short -term or long term;

4.2.2. To any debt incurred pursuant to any financing agreement, which includes any of the following agreements under which the Municipality undertakes to repay a long-term debt over a period of time:

4.2.2.1. Loan agreements;

4.2.2.2. Leases;

4.2.2.3. Instalment purchase contracts;

4.2.2.4. Hire purchase arrangements;

4.2.3. To any debt created by the issuance of municipal debt instruments, including:

4.2.3.1. Any note;

4.2.3.2. Bond; or

4.2.3.3. Debenture; and

4.2.4. To any contingent liability such as that created by guaranteeing a monetary liability or obligation of another.

5. Principles Guiding Borrowing Practices

The following principle shall guide the borrowing practices of the Municipality, namely:

5.1. Risk Management: The need to manage interest rate risk, credit risk exposure and to maintain debt within specified limits is the foremost objective of the borrowing policy. To attain this objective, diversification is required to ensure that the Chief Financial Officer prudently manages interest rate and credit risk exposure;

5.2. Cost of Borrowings : The borrowings should be structured to obtain the lowest possible interest rate, on the most advantageous terms and conditions, taking cognisance of borrowing risk constraints, infrastructure needs and the borrowing limits determined by Legislation;

5.3. Prudence: Borrowings shall be made with care, skill, prudence and diligence. To this end, officials of the Municipality are required to:

5.3.1. adhere to this policy, and other procedures and guidelines;

5.3.2. exercise due diligence;

5.3.3. prepare all reports in a timely fashion;

5.3.4. ensure strict compliance with all Legislation and Council policy.

6. Factors to be taken into account when borrowing

6.1. The Municipality shall take into account the following factors when deciding whether to incur debt:

6.1.1. the type and extent of benefits to be obtained from the borrowing;

6.1.2. the length of time the benefits will be received;

6.1.3. beneficiaries of the acquisition or development financed by the debt;

6.1.4. the impact of interest and redemption payments on both current and forecast income;

6.1.5. the current and future capacity of the Municipality's revenue base to pay for borrowings;

6.1.6. other current and projected sources of funds;

6.1.7. likely movements in interest rates for variable rate borrowings;

6.1.8. competing demands for funds;

6.1.9. timing of money market interest rate movements and the long term rates on the interest rate curve.

6.2. The Municipality will, in general, seek to minimise its dependence on borrowings in order to minimise future revenue committed to debt servicing and redemption charges.

7. Sources of Borrowings

7.1. Subject to any particular determination of the Council of the Municipality, the Municipality may enter into financing agreements with:

7.1.1. Registered South African Banks;

7.1.2. The Development Bank of Southern Africa;

7.1.3. Vendors of goods acquired under instalment purchase contracts or hire purchase arrangements;

7.1.4. [other];

7.1.5. [other].

7.2. Unless the Council of the Municipality specifically determines otherwise, the Municipality shall not incur any debt by the issuance of any municipal debt instruments.

8. Short-term Debt

8.1. The Municipality may incur short –term debt only in accordance with and in the circumstances contemplated in Section 45 of the MFMA.

8.2. In particular, the provisions of section 45 (1) of the MFMA must be noted, these requiring that the Municipality may incur short –term debt only when necessary to bridge:

8.2.1. Shortfalls within a financial year during which the debt is incurred, in expectation of specific and realistic anticipated income to be received within that financial year; or

8.2.2. Capital needs within a financial year, to be repaid from specific funds to be received from enforceable allocations or long-term debt commitments.

8.3. Furthermore, as required by section 45 (4) of the MFMA, the Municipality must pay off short term debt within the financial year.

9. Overdraft Facility

9.1. Overdraft facilities are regulated by Section 45(3) of the MFMA.

10. Long Term Debt

10.1. The Municipality may incur long-term debt only in accordance with and in the circumstances contemplated in Section 46 of the MFMA.

10.2. Long-term debt may be incurred only for the purposes contemplated in Section 46(1) of the MFMA, namely:

10.2.1. Capital expenditure on property, plant or equipment to be used for the purpose of achieving the objects of local government, as set out in Section 152 of the Constitution; or

10.2.2. Re-financing existing long term debt, subject to section 46(5).

11. Council approval

Sections 45(2) and 46(2) require that sort-term debt and long-term debt respectively may be incurred only if:

11.1. A resolution of the Council, signed by the Mayor, has approved the debt agreement;

11.2. The accounting officer has signed the agreement or other document which creates or acknowledges the debt.

12. Refinancing

12.1. Short-term debt may not be renewed or refinanced where that would have the effect of extending the short-term debt into a new financial year.

12.2. The Municipality may borrow in order to refinance long-term debt subject to the conditions contained in Section 46(5) of the MFMA.

13. Early repayment of loans

13.1. No loans will be repaid before due date unless there is a financial benefit to the Municipality.

13.2. The Municipality shall therefore assess the nature and extent of any benefits of early repayment before it makes any such early repayment.

13.3. Cognisance must be taken of any early repayment penalty clauses in the initial loan agreement, as part of the assessment.

14. Debt Repayment Period

14.1. As far as is practical, cognisance must be taken of the useful lives of the underlying assets to be financed by the debt for purposes of determining the duration of the debt.

14.2. Should it be established that it is cost effective to borrow the funds for a duration shorter than that of the life of the asset, the Municipality should endeavour to negotiate terms for the loan agreement on a shorter duration.

15. Provision for Redemption of Loans

15.1. The Municipality may set up sinking funds to facilitate loan repayments, especially when the repayment is to be met by a bullet payment on the maturity date of the loan.

15.2. Such sinking funds may be invested directly with the Lender's Bank.

15.3. The maturity date and accumulated value of such investment must coincide with the maturity date and amount of the intended loan that is to be repaid.

16. Non-Repayment or Non-Servicing of Loan

16.1. The Municipality must honour all its loan obligations.

16.2. Failure to effect prompt payment may jeopardise the Municipality's credit rating and adversely affect the ability of the Municipality to raise loans in the future loans at favourable interest rates.

16.3. In addition to ensuring the timely payment of the loans, the Municipality must adhere to the covenants stipulated in the loan agreements, including, in particular, the following where applicable:

16.3.1. furnishing audited annual financial statements;
16.3.2. maintaining long-term credit rating;
16.3.3. reporting of material changes in financial position of the Municipality.

17. Borrowing for Investment Prohibited

The Municipality shall not under any circumstances borrow funds for the purposes of investing them.

18. Security

18.1. Section 48 of the MFMA provides that the Municipality may provide security for any of its debt obligations in any of the forms referred to in Section 48(2).

18.2. Such security shall be given only pursuant to a resolution of the Council, which resolution must comply with the provisions of Section 48(3), (4) and (5) of the MFMA.

19. Disclosure

19.1. Section 49 of the MFMA requires that any person involved in the borrowing of money by a municipality must, when interfacing with a prospective lender or when preparing documentation for consideration by a prospective investor Any Official involved in the securing of loans by the Municipality must, when interacting disclose all relevant information in that persons possession or within that person's knowledge that may be material to the decision of that lender or investor, and take reasonable care to ensure the accuracy of any information disclosed.

19.2. In addition the Disclosure Regulations establish detailed requirements for the disclosure of information to prospective lenders and investors. Regulations 2, 3, 4, 5. [ ], 15, 16 and 17 are of particular importance to the Municipality, given the nature of the borrowings which it intends to make.

20. Guarantees

The Municipality may issues guarantees only in accordance with the provisions of Section 50 of the MFMA.

21. Internal Control

The accounting officer shall ensure that mechanisms, procedures and systems are put in place to ensure that:

21.1. Duties are separated in order to prevent fraud, collusion and other misconduct;
21.2. loan agreements and contracts are kept in proper safe custody;
21.3. there is a clear delegation of duties relating to the borrowing process;
21.4. senior officials check and verify all transactions;
21.5. transactions and repayments are properly documented;
21.6. a Code of ethics and standards is established and adhered to;
21.7. procedures relating to the borrowing process are established.

22. National Treasury Reporting and Monitoring Requirements

The Municipality shall promptly submit all returns and reports relating to borrowings as required by National Treasury, including reports on the Municipality's external interest paid each month, and the quarterly itemization of all of its external borrowings.

23. Other Reporting and Monitoring Requirements

23.1. The Municipality shall on a monthly basis perform the following control and reporting functions relevant to borrowings:

23.1.1. Reconciliation of bank accounts;

23.1.2. Payment requisition verification and authorization;

23.1.3. Completion of South African Reserve Bank returns;

23.1.4. Maintain schedule of payment dates and amounts;

23.1.5. Complete National Treasury Cash Flow returns;

23.1.6. Submission of particulars of borrowings as required by Section 71 of MFMA;

23.1.7. Perform analysis of ratios;

23.1.8. Scrutinise loan agreements to ensure compliance with loan covenants.

23.2. The Municipality shall on a quarterly basis perform the following control and reporting functions relevant to borrowings:

23.2.1. Submit National Treasury Borrowings return

23.2.2. Prepare debt schedules for reporting to the Executive Committee.

24. Related Policies

This policy must be read in conjunction with the following other policies of the Municipality:

24.1. Budget Process Policy;

24.2. Cash Management and Investment Policy;

24.3. [other].

25. Municipal Manager to Implement Policy

The Municipal Manager, as accounting officer of the Municipality, shall be responsible for implementing this policy, provided that he or she may delegate in writing any of his or her powers under this policy to any other official of the Municipality.

26. Commencement

27. This policy shall come into force on [ ].

Appendix A

DISCLOSURE REGULATIONS

SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT POLICY

UGU DISTRICT MUNICIPALITY

UGU DISTRICT MUNICIPALITY

("the Municipality")

BORROWING POLICY

1. Purpose

The purpose of this policy is to establish a borrowing framework for the Municipality and to set out the objectives, policies, statutory requirements and guidelines for the borrowing of funds, in order to:

1.1. Manage interest rate and credit risk exposure;

1.2. Maintain debt within specified limits and ensure adequate provision for the repayment of debt;

1.3. ensure compliance with all Legislation and Council policy governing borrowing of funds.

2. Legislative Framework

All borrowings made by the Municipality shall be subject to the requirements of the Local Government: Municipal Finance Act, 2003 ("the MFMA") and the Municipal Regulations on Debt Disclosure ("the Disclosure Regulations") made there under and published under GN R 492 in Government Gazette 29966 of 15 June 2007.

3. Definitions

Any word or expression used in this policy shall, unless the context clearly requires a different interpretation, bear the same meaning attached to it in the MFMA or the Disclosure Regulations, as the case may be; provided that if there is any conflict between a definition contained in the MFMA and a definition contained in the Disclosure Regulations, then the definition contained in the MFMA shall prevail.

4. Types of Debt

4.1. This policy applies to the debt incurred by the Municipality through the issue of municipal debt instruments or in any other way.

4.2. Without derogating from the generality of the preceding subparagraph, this policy will apply:

4.2.1. To any debt, whether short -term or long term;

4.2.2. To any debt incurred pursuant to any financing agreement, which includes any of the following agreements under which the Municipality undertakes to repay a long-term debt over a period of time:

4.2.2.1. Loan agreements;

4.2.2.2. Leases;

4.2.2.3. Instalment purchase contracts;

4.2.2.4. Hire purchase arrangements;

4.2.3. To any debt created by the issuance of municipal debt instruments, including:

4.2.3.1. Any note;

4.2.3.2. Bond; or

4.2.3.3. Debenture; and

4.2.4. To any contingent liability such as that created by guaranteeing a monetary liability or obligation of another.

5. Principles Guiding Borrowing Practices

The following principle shall guide the borrowing practices of the Municipality, namely:

5.1. Risk Management: The need to manage interest rate risk, credit risk exposure and to maintain debt within specified limits is the foremost objective of the borrowing policy. To attain this objective, diversification is required to ensure that the Chief Financial Officer prudently manages interest rate and credit risk exposure;

5.2. Cost of Borrowings : The borrowings should be structured to obtain the lowest possible interest rate, on the most advantageous terms and conditions, taking cognisance of borrowing risk constraints, infrastructure needs and the borrowing limits determined by Legislation;

5.3. Prudence: Borrowings shall be made with care, skill, prudence and diligence. To this end, officials of the Municipality are required to:

5.3.1. adhere to this policy, and other procedures and guidelines;

5.3.2. exercise due diligence;

5.3.3. prepare all reports in a timely fashion;

5.3.4. ensure strict compliance with all Legislation and Council policy.

6. Factors to be taken into account when borrowing

6.1. The Municipality shall take into account the following factors when deciding whether to incur debt:

6.1.1. the type and extent of benefits to be obtained from the borrowing;

6.1.2. the length of time the benefits will be received;

6.1.3. beneficiaries of the acquisition or development financed by the debt;

6.1.4. the impact of interest and redemption payments on both current and forecast income;

6.1.5. the current and future capacity of the Municipality's revenue base to pay for borrowings;

6.1.6. other current and projected sources of funds;

6.1.7. likely movements in interest rates for variable rate borrowings;

6.1.8. competing demands for funds;

6.1.9. timing of money market interest rate movements and the long term rates on the interest rate curve.

6.2. The Municipality will, in general, seek to minimise its dependence on borrowings in order to minimise future revenue committed to debt servicing and redemption charges.

7. Sources of Borrowings

7.1. Subject to any particular determination of the Council of the Municipality, the Municipality may enter into financing agreements with:

7.1.1. Registered South African Banks;

7.1.2. The Development Bank of Southern Africa;

7.1.3. Vendors of goods acquired under instalment purchase contracts or hire purchase arrangements;

7.1.4. [other];

7.1.5. [other].

7.2. Unless the Council of the Municipality specifically determines otherwise, the Municipality shall not incur any debt by the issuance of any municipal debt instruments.

8. Short-term Debt

8.1. The Municipality may incur short –term debt only in accordance with and in the circumstances contemplated in Section 45 of the MFMA.

8.2. In particular, the provisions of section 45 (1) of the MFMA must be noted, these requiring that the Municipality may incur short –term debt only when necessary to bridge:

8.2.1. Shortfalls within a financial year during which the debt is incurred, in expectation of specific and realistic anticipated income to be received within that financial year; or

8.2.2. Capital needs within a financial year, to be repaid from specific funds to be received from enforceable allocations or long-term debt commitments.

8.3. Furthermore, as required by section 45 (4) of the MFMA, the Municipality must pay off short term debt within the financial year.

9. Overdraft Facility

9.1. Overdraft facilities are regulated by Section 45(3) of the MFMA.

10. Long Term Debt

10.1. The Municipality may incur long-term debt only in accordance with and in the circumstances contemplated in Section 46 of the MFMA.

10.2. Long-term debt may be incurred only for the purposes contemplated in Section 46(1) of the MFMA, namely:

10.2.1. Capital expenditure on property, plant or equipment to be used for the purpose of achieving the objects of local government, as set out in Section 152 of the Constitution; or

10.2.2. Re-financing existing long term debt, subject to section 46(5).

11. Council approval

Sections 45(2) and 46(2) require that sort-term debt and long-term debt respectively may be incurred only if:

11.1. A resolution of the Council, signed by the Mayor, has approved the debt agreement;

11.2. The accounting officer has signed the agreement or other document which creates or acknowledges the debt.

12. Refinancing

12.1. Short-term debt may not be renewed or refinanced where that would have the effect of extending the short-term debt into a new financial year.

12.2. The Municipality may borrow in order to refinance long-term debt subject to the conditions contained in Section 46(5) of the MFMA.

13. Early repayment of loans

13.1. No loans will be repaid before due date unless there is a financial benefit to the Municipality.

13.2. The Municipality shall therefore assess the nature and extent of any benefits of early repayment before it makes any such early repayment.

13.3. Cognisance must be taken of any early repayment penalty clauses in the initial loan agreement, as part of the assessment.

14. Debt Repayment Period

14.1. As far as is practical, cognisance must be taken of the useful lives of the underlying assets to be financed by the debt for purposes of determining the duration of the debt.

14.2. Should it be established that it is cost effective to borrow the funds for a duration shorter than that of the life of the asset, the Municipality should endeavour to negotiate terms for the loan agreement on a shorter duration.

15. Provision for Redemption of Loans

15.1. The Municipality may set up sinking funds to facilitate loan repayments, especially when the repayment is to be met by a bullet payment on the maturity date of the loan.

15.2. Such sinking funds may be invested directly with the Lender's Bank.

15.3. The maturity date and accumulated value of such investment must coincide with the maturity date and amount of the intended loan that is to be repaid.

16. Non-Repayment or Non-Servicing of Loan

16.1. The Municipality must honour all its loan obligations.

16.2. Failure to effect prompt payment may jeopardise the Municipality's credit rating and adversely affect the ability of the Municipality to raise loans in the future loans at favourable interest rates.

16.3. In addition to ensuring the timely payment of the loans, the Municipality must adhere to the covenants stipulated in the loan agreements, including, in particular, the following where applicable:

16.3.1. furnishing audited annual financial statements;
16.3.2. maintaining long-term credit rating;
16.3.3. reporting of material changes in financial position of the Municipality.

17. Borrowing for Investment Prohibited

The Municipality shall not under any circumstances borrow funds for the purposes of investing them.

18. Security

18.1. Section 48 of the MFMA provides that the Municipality may provide security for any of its debt obligations in any of the forms referred to in Section 48(2).

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26. Commencement

27. This policy shall come into force on [ ].

Ugu District Municipality

Quality Certificate

I **Dhanpalan Devaraj Naidoo, Municipal Manager of Ugu District Municipality** hereby certify that the annual budget 2015/2016 and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality

Name: D.D. NAIDOO

Municipal Manager of Ugu District Municipality- DC21

Signature: _____

Date: 25/05/2015.